

Model Documentation
Renewable Fuels Module
of the National Energy Modeling System

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Contents

1. Renewable Fuels Module Introduction.....	1
Purpose of This Report	1
Renewable Fuels Module Summary	1
Landfill Gas Submodule (LFG).....	2
Wind Energy Submodule (WES).....	3
Solar Submodule (SOLAR)	3
Biomass Submodule.....	3
Geothermal Energy Submodule (GES).....	3
Conventional Hydroelectric Plant Data.....	4
Representation of Short-Term Cost Adjustment Factors for the Installation of New Technology.....	5
Rationale	5
Methodology.....	5
Methodology In Practice.....	7
Representation of Resource-Related Cost Adjustment Factors for the Installation of New Technologies	9
Rationale	9
Methodology.....	9
Capacity Credit for Intermittent Generation.....	11
Representation of Depreciation for Renewables Fueled Generating Technologies.....	14
Archival Media.....	15
Model Contact.....	15
Report Organization	16
2. Landfill Gas (LFG) Submodule	17
Model Purpose	17
Relationship of the LFG Submodule to Other Models.....	17
Modeling Rationale	18
Theoretical Approach	18
Fundamental Assumptions.....	19
MSW Quantity Projections.....	19
Estimation of Recycling Quantity.....	19
Projected Quantity of Methane Generation	19
Constructing the Supply Curve.....	20
High Yield.....	21
Low Yield.....	21
Very Low Yield	21
ECAR	21
ERCOT	21
LFG Submodule Structure	22
Submodule Flow Diagram	22
Key Computations and Equations	24
Appendix 2-A: Inventory of Variables, Data, and Parameters	25
Appendix 2-B: Mathematical Description	30
Appendix 2-C: Bibliography	32
Appendix 2-D: Model Abstract	33
Appendix 2-E: Data Quality and Estimation Processes	35
3. Wind Energy Submodule (WES).....	36

Model Purpose	36
Relationship of the Wind Submodule to Other Models.....	36
Modeling Rationale	37
Theoretical Approach	37
Fundamental Assumptions.....	38
WES Wind Capacity Projections	38
Projected Btu Value of Wind Energy	42
Cost Adjustment Factors.....	42
Alternative Approaches	43
Wind Energy Submodule Structure.....	46
Submodule Flow Diagram	46
Key Computations and Equations	46
Appendix 3-A: Inventory of Variables, Data, and Parameters	49
Appendix 3-B: Mathematical Description	57
Appendix 3-C: Bibliography	60
Appendix 3-D: Model Abstract	62
Appendix 3-E: Data Quality and Estimation Processes	65
4. Solar Submodule	67
Model Purpose	67
Relationship of the Solar Submodule to Other Models	67
Modeling Rationale	68
Theoretical Approach	68
Fundamental Assumptions.....	69
Short-Term Cost Adjustment Factors.....	70
Alternative Approaches	70
Solar Submodule Structure	72
Submodule Flow Diagram	72
Key Computations and Equations	72
Appendix 4-A: Inventory of Variables, Data, and Parameters	74
Appendix 4-B: Mathematical Description	80
Appendix 4-C: Bibliography	81
Appendix 4-D: Model Abstract	82
Appendix 4-E: Data Quality and Estimation Processes	85
5. Biomass Submodule	86
Model Purpose	86
Relationship of the Biomass Submodule to Other Models	86
Modeling Rationale	87
Theoretical Approach	87
Fundamental Assumptions.....	87
Alternative Approaches	89
Biomass Submodule Structure.....	90
Submodule Flow Diagram	90
Key Computations and Equations	90
Appendix 5-A: Inventory of Variables, Data and Parameters	93
Appendix 5-B: Mathematical Description	99
Appendix 5-C: Bibliography	101
Appendix 5-D: Model Abstract	104
Appendix 5-E: Data Quality and Estimation Processes	106
Derivation of the All Sector Biomass Supply Curve.....	106

6. Geothermal Electricity Submodule.....	108
Model Purpose	108
Relationship of the Geothermal Electricity Submodule	109
to Other Models.....	109
Modeling Rationale	110
Fundamental Assumptions.....	110
Type of Resource	110
Estimates of Resources.....	111
Existing Capacity and Retirements.....	112
Exploration Costs	113
Capital Costs	113
Operations and Maintenance Costs	114
Heat Rates	114
Conversion Technologies	114
Capacity Factors.....	114
Alternative Approaches	115
Geothermal Electricity Submodule Structure	116
Key Computations and Equations.....	118
Appendix 6-A: Inventory of Variables, Data and Parameters	122
Appendix 6-B: Mathematical Description	123
Appendix 6-C: Bibliography	124
Appendix 6-D: Model Abstract	125
Appendix 6-E: Data Quality and Estimation Process.....	128

Tables

Table 2-1. Methane Production Parameters for High, Low, and Very Low Yield Sites	21
Table 2-2. Landfill Gas to Energy Supply and Cost of Electricity Production by Region	21
Table 2A-1. NEMS Landfill Gas Submodule Inputs and Outputs	25
Table 3A-1. NEMS Wind Energy Submodule Inputs and Outputs	49
Table 4A-1. NEMS Solar Model Inputs and Outputs	74
Table 5A-1. NEMS Biomass Submodule Inputs and Variables	93

Figures

Figure 1. Representation of Capital Cost Supply Function	7
Figure 2. Landfill Gas Submodule Flowchart	23
Figure 3. Wind Energy Submodule Flowchart	47
Figure 4. Solar Energy Submodule Flowchart	73
Figure 5. Biomass Submodule Flowchart	91

1. Renewable Fuels Module Introduction

Purpose of This Report

This report documents the objectives, analytical approach, and design of the National Energy Modeling System (NEMS) Renewable Fuels Module (RFM) as it relates to the production of the *Annual Energy Outlook 2003 (AEO2003)* forecasts. The report catalogues and describes modeling assumptions, computational methodologies, data inputs, and parameter estimation techniques. A number of offline analyses used in lieu of RFM modeling components are also described.

This documentation report serves three purposes. First, it is a reference document for model analysts, model users, and the public interested in the construction and application of the RFM. Second, it meets the legal requirement of the Energy Information Administration (EIA) to provide adequate documentation in support of its models (Public Law 93-275, Federal Energy Administration Act of 1974, Section 57(b)(1)). Finally, such documentation facilitates continuity in EIA model development by providing information sufficient to perform model enhancements and data updates as part of EIA's ongoing mission to provide analytical and forecasting information systems.

Renewable Fuels Module Summary

The RFM consists of five analytical submodules that represent major renewable energy resources-biomass, landfill gas (LFG), solar (thermal and photovoltaic), wind, and geothermal energy.

The purpose of the RFM is to define the technology, cost, performance, and renewable resource supply for renewable energy technologies. They are provided to the Electricity Market Module (EMM) for grid-connected central station electricity capacity planning and dispatch decisions. The characteristics include available generating capacity, location, unit size, capital cost, fixed operating cost, variable operating cost, capacity factor, heat rate, construction lead time, and fuel price.

Renewable energy technology cost and performance characteristics which are common to all electricity generating technologies are input directly to the EMM via the input file ECPDAT. For characteristics that are unique to specific renewable energy technologies, specific files and subroutines are used, such as for renewable resource values for regional, seasonal, and hourly time segments of intermittent renewables.

Other renewables modeled elsewhere in NEMS include conventional hydroelectric (in the EMM), biomass in the industrial sector, ethanol in the Petroleum Market Module (PMM), wood in the residential sector, geothermal heat pumps and distributed (grid-connected)

solar photovoltaics in the residential and commercial sectors, and solar hot water heating in the residential sector. In addition, there are several areas, primarily nonelectric and off-grid electric applications, that are not represented in NEMS. They include direct applications of geothermal heat, several types of solar thermal use, and off-grid photovoltaics. For the most part, the expected contributions from these sources are confined to niche markets; however, as these markets develop in importance they will be considered for representation in NEMS.

The number and purpose of the associated technology and cost characteristics vary from one RFM submodule to another depending on the modeling context. For example, renewable resources such as solar, wind, and geothermal energy are not fuels; rather, they are inputs to electricity or heat conversion processes. Consequently, the Solar, Wind, and Geothermal Submodules do not provide fuel product prices.

EIA's Office of Integrated Analysis and Forecasting determines initial cost and performance values for renewable energy technologies based on examination of available information. Several sources for the cost and performance characterizations were examined for use in this version of the RFM. The primary source is the Electric Power Research Institute and U.S. Department of Energy's joint publication, *Renewable Energy Technology Characterizations* (EPRI TR-109496, December 1997). The sources provide values for capital costs (excluding the construction financing and contingency components, since these are provided in the EMM), fixed and variable operation & maintenance (O&M) costs, capacity factors, and construction lead times. All cost values are converted to 1987 dollars.

Provided below are summaries of the five RFM submodules that are used for producing the AEO2003 forecasts: the Landfill Gas Submodule (LFG), the Wind Energy Submodule (WES), the Solar Energy Submodule (SOLES), the Biomass Submodule, and the Geothermal Energy Submodule (GES). The EMM's role in defining hydropower data is also described. Each chapter concludes with information on the RFM archival package and EIA point of contact.

Landfill Gas Submodule (LFG)

The Landfill Gas Submodule provides annual projections of energy produced from estimates of U.S. landfill gas capacity. The Submodule calculates the quantity of LFG produced (derived from an econometric equation that uses Gross Domestic Product and U.S. population as the principal forecast drivers). The landfill gas capacity is estimated based on reported waste and gas production data and judgement about future trends in recycling. The amount of new landfill gas-to-electricity capacity available in each projection period competes with other technologies by use of LFG supplies (curves) that are based on the amount of high, low, and very low methane producing landfills located in each Electricity Market Module Region.

Wind Energy Submodule (WES)

The Wind Energy Submodule (WES) projects the availability of wind resources. Wind resource availability, expressed as megawatts of capacity in each region, is passed to the EMM so that wind turbines can be built and dispatched in competition with other electricity generating technologies. The wind turbine data are expressed in the form of energy supply curves. The supply curves provide the maximum amount of turbine generating capacity that could be installed, given the available land area, average wind speed, and capacity factor. These variables are passed to EMM in the form of nine time segments that are matched to electricity load curves within EMM.¹

Solar Submodule (SOLAR)

Two solar technologies are represented in NEMS, a 5 megawatt fixed-flat plate grid-connected central station photovoltaic (PV) unit without energy storage, and a 100-megawatt central receiver (power tower) solar thermal (ST) unit with a few hours energy storage. Both technologies are grid-connected and provided by electric utilities, small power producers, or independent power producers.

PV and ST cost and performance characteristics which are defined consistent with fossil and other characteristics reside in ECPDAT. Performance characteristics unique to these technologies (such as season and region-dependent capacity factors), however, are passed to the EMM via the solar submodule SOLAR.

Biomass Submodule

The Biomass Submodule furnishes biomass resource and technology cost and performance characteristics for a biomass burning electricity generating technology to the EMM. The technology modeled for the *AEO2003* is Integrated Gasification Combined Cycle (IGCC). The submodule utilizes a regional biomass supply schedule from which the biomass fuel price is determined; fuel prices are added to variable operating costs since there are no fuel costs in the structure of NEMS for renewable fuels. The biomass supply schedule is based on the accessibility of wood resources by the consuming sectors from existing wood and wood residues, crop residues, and energy crops.

Geothermal Energy Submodule (GES)

The GES models current and future regional supply, capital cost, and operation and maintenance costs of electric generating facilities using hydrothermal resources (hot water and steam). Economically accessible geothermal resources are limited to the three western EMM regions. The data are assembled from 51 known sites, each represented by information which reflects the specific resource conditions of that location. The GES

¹ The nine time segments are derived from three 8-hour segments of the day for three seasons, winter, summer and off-peak (spring/fall averaged). The data represent average capacities based on empirical analysis.

generates a three-part geothermal resource supply curve for geothermal capacity for each region in each forecast year, for competition with fossil-fueled and other generating technologies. It truncates the supply curve based on the avoided cost for the construction and operation of new regional capacity and passes average cost and performance values of the truncated supply curve to the EMM.

Of the 51 geothermal sites represented in the GES, 49 are located in the West and 2 in Hawaii. The two Hawaiian sites, however, are not considered, since EMM's capacity planning decisions do not include Hawaii.

Conventional Hydroelectric Plant Data

The assignment of conventional hydroelectric plant data resides in the EMM and not in the RFM. The hydroelectric power data represent reported planned new conventional hydroelectric power capacity connected to the transmission grid. Reported plans are obtained from annual EIA power plant surveys (Forms EIA-860A for utilities and EIA-860B for nonutilities).

The model allows new conventional hydroelectric capacity to be built. Converting Idaho National Engineering and Environmental Laboratory information on U.S. hydroelectric potential (for developing new sites or upgrading existing ones, but not refurbishing existing capacity), EIA developed regional supply estimates of available new capacity at increasing capital costs:

<u>Capital Cost/kW (\$87)</u>	<u>Gigawatts U.S. Conventional Hydroelectric Supply</u>
\$ 741	2.0
890	1.6
1,112	3.5
1,483	9.1
2,224	50.1

All the capacity is assumed available at a uniform capacity factor of 45 percent. Within the EMM Electricity Capacity Planning submodule (ECP), levelized costs for new hydro capacity are estimated in comparison with other fossil and renewable energy technologies; in practice, the new hydro capacity is not competitive below 5 cents per kilowatthour, levelized (\$1997). In the AEO2003 reference case, none of the available capacity is built. However, in response to special cases, such as might occur under certain renewable portfolio standards or in response to global warming requirements, where competitors' levelized costs exceed this threshold in some regions, some new conventional hydropower can be built.

Representation of Short-Term Cost Adjustment Factors for the Installation of New Technology

Rationale

The RFM data file “rendat,” includes short-term supply cost adjustment factors for the installation of new renewable energy-using electricity generating technologies. The factors reflect the expectation that rapid expansions in the supply of installations using new generating technologies will incur shortages of critical input resources. Shortages reflect manufacturing bottlenecks. They also represent limits on information, such as on identification and assessment of specific sites’ biomass, geothermal, solar, or wind conditions, as well as bottlenecks in regulation, licensing, and public approval, and constraints incurred from shortages of construction and operation personnel and equipment.

Therefore, for *AEO2003*, U.S. generating capacities of new renewable energy generating technologies are permitted to increase substantially without incurring bottleneck costs, but above some threshold rate of increase begin incurring increasing costs. In any future year, U.S. wind capacity, for example, can increase 50 percent over the previous year’s total without any increase in capital costs. However, for every 1 percent increase in capacity greater than 50 percent, capital costs are assumed to increase 0.5 percent. By defining the threshold as a percentage of the existing installed capacity, the threshold criterion is dynamic, that is, the allowable amount of acceptable no-cost escalation capacity growth increases as the overall rate of capacity growth increases.

Methodology

The short-term cost adjustment factors represent additional capital costs that account for bottleneck phenomena in manufacturing, sales distribution, site selection, licensing, resource preparation, and installation of new energy technologies.

The Fortran program calculating the factors resides in the RFM submodule; user-defined inputs reside in the RFM data file “rendat;” prices and quantities resulting from the calculation are submitted to the ECP.

The representation is based on the percentage change of U.S. installed capacity of a technology. It is expressed by an exponential cost function that relates an increase in capacity exceeding a capacity threshold to a cost multiplier. This functional relation can be expressed as:

$$P_{elast} = P_{current} * (1 - a_0) \left[\left(\left(\frac{C_{addition}}{C_{current}} \right) - a_{thres} \right)^{\frac{\ln(1+a_2)}{\ln(1+a_1)}} - 1 \right]$$

where:

- P_{elast} = capital cost associated with capacity addition of $C_{addition}$ in [\$/kW],
 $P_{current}$ = current capital cost in [\$/kW],
 a_{thres} = threshold above which elasticity is active, defined as percent increase based on current installed capacity,
 a_1 = increase in capital cost for every a_2 increase in capacity, fraction,
 a_2 = increase in capacity, fraction,
 $C_{addition}$ = capacity additions in [MW],
 $C_{current}$ = current capacity in [MW],
 a_0 = binary switch parameter [0,1] is defined as:

For the *Annual Energy Outlook 2003*, the parameters are specified as –

	<u>Biomass</u>	<u>Solar</u>	<u>Wind</u>
$a_{thres} =$	0.50	0.50	0.50
$a_1 =$	0.0033	0.01	0.005
$a_2 =$	0.01	0.01	0.01

The cost relation of the above equation is divided into three distinct points that represent the characteristics of the equation and are used to establish a three step supply relation for the installation of renewable energy technology in the Electricity Capacity Planning (ECP) Module. A three step supply relation was chosen as a practical optimum that achieved a balance between the accurate approximation of the characteristics of the function and the need to limit the number of new decision variables in the ECP.

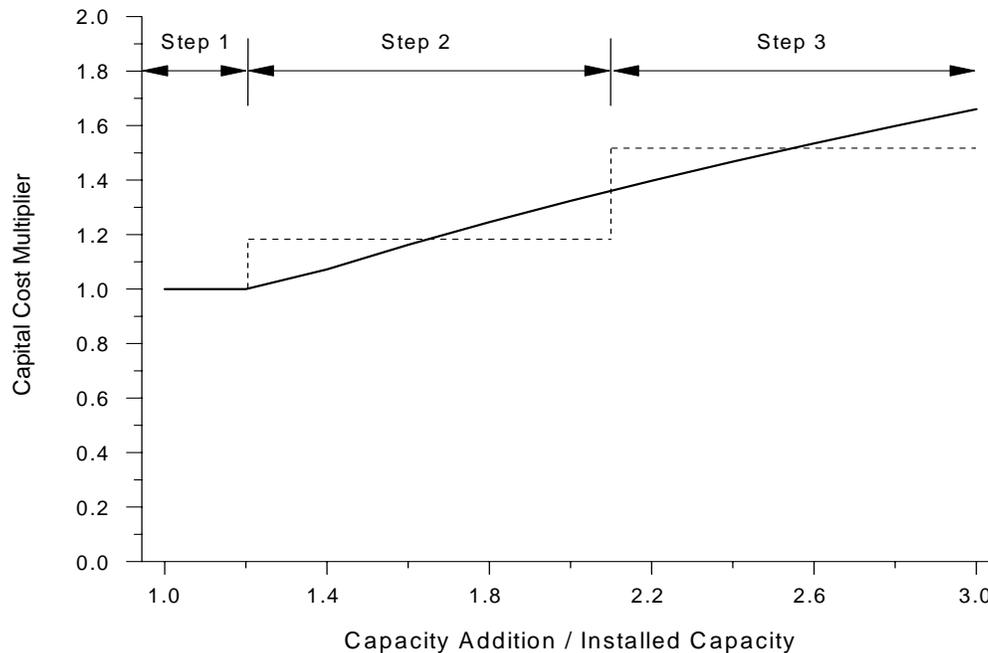
Passed to the ECP are three supply steps for each renewable energy technology. A supply step is defined by a cost multiplier and the corresponding capacity for which the cost multiplier is valid. The ECP incorporates the supply steps in its LP framework.

To represent the entire supply curve by three distinct steps, the following method was used:

- (1) The supply curve must be truncated to present the ECP with the best degree of resolution for a relevant capacity addition range. The truncation of the supply curve is specified by the user. The truncation is formulated as a normalized capacity addition based on the installed total national capacity of a technology. Currently the supply curve is limited to a value of 3 times the current on-line capacity.

- (2) The first point on the supply curve is defined by the threshold capacity addition (25 percent of the current capacity) with a cost multiplier of unity.
- (3) The second and third points linearly approximate the log linear supply curve of equation (1-1) (Figure 1).

Figure 1. Representation of Capital Cost Supply Function



The definition of the three supply steps is user defined. The steps can be specified in the RFM input file 'rendat'.

Methodology In Practice

Although in concept short-term costs increase in direct response to the quantity increase in supply, in practice costs increase from the base cost in two (and only two) distinct steps, each representing the *average cost increase over the full range of the quantity specified*. As a consequence of averaging over the quantity range, costs do not increase in any close proportion to the increase in quantity but instead immediately incur the full average increase in cost for the first unit to be built in the next step of the supply; the larger the quantity specified in the overall supply, the greater the average cost and the greater the "marginal" cost of additional units (See Figure 1). In effect, then, analysts setting initial values need to consider both the amount of renewable technology to be permitted to compete and - because setting larger quantities induces higher estimated average costs - their effects on the cost competitiveness of renewable technologies at the margin.

In the file “rendat,” capital costs are determined in three categories. The analyst first determines the maximum expansion (number of “multiples”) of current capacity to be permitted. Within this maximum, the first category determines the total quantity expansion over the prior year’s capacity that can be built with no cost increase over the base cost. For example, setting the variable $a_{\text{thres}} = 0.50$ for geothermal permits an increase in total U.S. geothermal capacity of 50 percent over the prior year’s capacity without any increase in capital cost. The remaining capacity is then equally divided between the remaining two categories.

However, capital costs for each of the two remaining categories are fixed (constant) over the full quantity range of each category, with all units getting the same assigned capital cost as the average cost for all units in the range. Thus, selecting relatively small quantity increases yields smaller average cost increases and thereby increases the likelihood that geothermal will compete, albeit in relatively small quantities. On the other hand, analysts electing large quantities available makes for larger supplies available to be selected but reduces their competitiveness at the margin because of the higher average costs.

In practice, by making multiple runs analysts can progress from setting very small quantities and low marginal costs; in these first runs all available supply will be exhausted. By progressively increasing the available quantities (and average costs), at some point not all available capacity will be chosen in the EMM. The chosen quantity and average price will approximate the highest acceptable marginal cost and the quantity of geothermal capacity that would be competitive in the scenario.

Representation of Resource-Related Cost Adjustment Factors for the Installation of New Technologies

Rationale

Capital costs for generating technologies using geothermal or wind resources are assumed to increase as a function of exhaustion of most favorable resources. In general, capital costs are assumed to increase because of any or all of three broad conditions: (1) necessity of using less favorable natural resources, (2) increasing costs of upgrading existing distribution and transmission networks - separate from costs of building an interconnection, and (3) increasing costs in meeting environmental concerns.

As a result, for AEO2003, each EMM region's total wind resources are parceled among five broad ranges, including an initial resource share incurring no capital cost penalty, a second share for which capital costs are assumed to increase 15 to 20 percent, a third share imposing increases of 50 percent, a fourth at 75 to 100 percent, and a final share (all remaining resources) for which capital costs increase 100-200 percent over initial cost. Resource proportions vary by technology and region. Separately determined off line, geothermal resources and consequent capital costs are parceled among four increasing cost categories based on assumed rates of increase in costs for exploration, drilling, and other field costs; geothermal details are provided in the GES submodule description later in this report.

Methodology

For wind, the resource-related cost adjustment factors account for the additional capital costs that are not reflected in the RFM cost characterizations. EIA benchmarked the estimates underlying the factors using regional renewable energy market and resource assessments of the Northwest Power Planning Council and the California Energy Commission.²

The cost-adjustment factors are applied on a regional basis as a function of the fraction of total resource for each relevant technology utilized in each of the 13 EMM regions. For each region/technology combination, the input file 'rendat' allows the user to specify the start-point resource fraction and multiplier for each of the five steps. For example, if the cost of using wind resources in Region 1 is assumed to increase by 20% after 22% of the resource base has been utilized, then 1.2 would be entered for the cost multiplier and 0.22 would be entered for the current resource utilization fraction for the second step of the Region 1 table in 'rendat'.

²Northwest Power Planning Council, *Northwest Power in Transition: Opportunities and Risks*, Draft Fourth Northwest Conservation and Electric Power Plan (March 1996); California Energy Commission, *Technical Potential of Alternative Technologies*, Final Report, Contract 500-89-001 (Regional Economic Research, December 1999).

Interaction with other cost adjustments. For AEO2003, wind is the primary technology affected by the resource-related cost adjustment. This cost adjustment factor interacts with several other cost and performance related adjustments to develop an “ad hoc” supply curve for wind. These other factors include: wind class, distance from transmission, and the short-term elasticity.

As indicated on page 39 of this documentation, regional wind resources are represented by a 9-step supply function representing the area (square kilometers) of windy land available in each of 3 wind classes (Class 6, 5, and 4) and 3 distances from existing transmission lines (less than 5 miles, 5 to 10 miles, and 10 to 20 miles) for each wind class. This supply curve determines the performance (capacity factor and energy capture) of a wind turbine built in a given region in the current model year, based on the wind class, as well as a cost adder to account for higher interconnection costs with lands more distant from existing transmission. Although these two factors operate quite independently in the model (both ultimately ending up as contributing to the specified cost of wind), they are jointly determined based on prior geographic information system (GIS) analysis of national wind resources.

Although the resource-related cost adjustment factor is, like wind class and transmission distance, a function of regional resource utilization, it is applied as a separate algorithm. Like the transmission-distance adder, the cost adjustment factor affects the capital cost, although as a co-efficient rather than as an adder. However, the cost adjustment factor is based on the fraction of total regional resources utilized, not on a fraction of the 9-step function for wind class and transmission distance. Thus, the combination of the 9-step class/distance curve and the 5-step resource curve do not result in a 45-step curve, but as the result of the 9-step function fed into the 5-step function.

The previous supply curve adjustment (the 9-step function and the 5-step function) produce a single, region-specific cost and performance characteristic for wind for the current model year. This single capital cost is then provided as input to the short-term elasticity function (page 5) to develop the 3-step supply function for wind used in the EMM for capacity planning purposes.

Capacity Credit for Intermittent Generation

Within the EMM, each region must have enough generating capacity installed to satisfy peak load requirements plus a regional reserve margin factor. For operator dispatched capacity types, the full summer-rated capacity for each generator unit is used to determine the contribution provided to the reserve margin requirement. However, non-dispatched, intermittently available generating capacity, such as wind turbines or solar electric facilities, will not reliably generate during peak demand periods, and thus cannot contribute their full rated capacity to satisfy the reserve margin requirement.

However, because there is a finite probability that intermittent generators will be available during peak demand periods, as well as a finite probability that operator dispatched capacity will not be available during this time, intermittent generators can contribute some fraction of their rated capacity to the reserve margin. This fraction is a function of the correlation between the temporal generation pattern of the resource and the peak load periods, as well as the fraction of intermittent generation compared to total regional output. That is, a wind turbine in a region where the wind typically blows strong during the peak load period will contribute more to meeting peak-load system reliability than a wind turbine in a region with typically light peak-load winds. However, as wind (or solar) constitutes more of the system capacity, the uncertainties of its peak-load operation will have an increasingly large (and detrimental) effect on system reliability.

The average capacity factor (fraction of watt-hours generated compared to total watt-hours that could be generated if the unit operated at full capacity during the period) of an intermittent generator during the peak-load period provides a reasonable approximation of the maximum annual contribution that unit can provide to system reliability. That is, the capacity credit (fraction of summer-rated or name-plate capacity allowed to contribute to satisfying the reserve margin requirement) for an intermittent generator is the capacity factor during the peak load period.

The above approximation works well at minimal penetration of the intermittent resource on a given system. However, as intermittent resource penetration increases, the marginal reliability improvement provided by the intermittent capacity decreases, eventually approaching zero. The rate of decline in capacity credit is system-specific, and depends on such factors as regional wind patterns and regional load patterns (especially in the peak and near-peak load periods). Grid system simulation indicates an asymptotic decline in marginal capacity credit for intermittent resources from approximately the peak-load capacity factor at zero penetration to zero capacity credit at substantial penetration (where intermittent resources represent 15 to 20% or more of system capacity).

As indicated in the literature, the decline in the capacity credit with increasing penetration is non-linear. Although not explicitly defined in the available literature, both the theory behind its existence and its observed form (from reliability simulation models) indicate a

logarithmic decay function of the general form:

$$\text{Eq. 1: } C_p = C_o e^{D(P-L)}$$

Where:

C_p is the capacity credit at a penetration level of P and C_o is the initial capacity credit at a penetration near zero (that is, the first unit) (UPICCF in input file ECPDAT). This is set to be 1.0 (100% of peak-load capacity factor) for AEO2003.

e is the base of the natural logarithm

P is the fraction of total intermittent generation across all generation for the region in the previous calendar year (as calculated within NEMS)

L is an “offset” factor (UPINTLOW in ECPDAT). This is set to be 0 for AEO2003, and is made available primarily to allow the simulation of previous algorithms for calculating intermittent capacity credit.

D , the exponential decay factor, is calculated from:

$$\text{Eq. 2: } D = \frac{-\ln(2)}{H}$$

Where H is the “half-life” parameter for the function (UPINTEXP in ECPDAT). This is set at 0.053 for AEO2003. That is, at 5.3 percent generation penetration of an intermittent resource, its capacity credit will be half of its initial (first-unit) value.

Equation 1 returns the marginal capacity factor applied to the incremental intermittent capacity within a region. However, as noted, the ECP evaluates the average capacity factor in its calculations. This can be derived by integrating Equation 1 from 0 to P , then dividing by P :

$$\text{Eq. 3: } \bar{C}_p = \frac{\int_0^P C_o e^{D(P-L)} dp}{P}$$

Which evaluates to:

$$\text{Eq. 4: } \bar{C}_p = \frac{((C_o / D)e^{D(P-L)}) - (C_o / D)}{P}$$

Note that although both the *marginal* and *average* capacity credit for the intermittent approaches zero, the *average* capacity credit will have a much lower rate of decay. That is, at the limit, the next new intermittent unit under consideration by the ECP should not contribute to the ECP reserve margin. However, since the ECP evaluates the capacity

credit for each intermittent technology as a whole (regardless of the vintage of individual units already built), the algorithm must specify an average capacity credit to be applied to all capacity of each intermittent type. This is consistent with the theoretical foundation of this approach.

Representation of Depreciation for Renewables Fueled Generating Technologies

For most central station electricity generating technologies, NEMS assumes a 20 year tax life over which the capital is depreciated. However, nuclear technologies are assigned a 15 year tax life. Renewables fueled central station electricity generating technologies, including biomass, geothermal, hydroelectric, landfill gas, solar (photovoltaic and thermal) and wind, are assigned 5 tax lives and 5 year double declining balance depreciation in NEMS. The basis for, biomass, geothermal, solar, and wind enjoying 5 year double declining balance depreciation is a consequence of the Economic Recovery Tax Act of 1982 (ERTA, P.L. 97-34); see Internal Revenue Code, subtitle A, Chapter 1, Subchapter B, Part VI, Section 168 (e)(3)(vi)(1994) – accelerated cost recovery.

Finally, since the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147), passed in the wake of the September 11, 2001 attacks, all properties included in Section 168 (above) including central station renewables fueled central station generating projects entering service between September 10, 2001 and September 11, 2004, receive a special 30% first year depreciation deduction. However, because construction lead times preclude NEMS building new renewable energy capacity by that date, this credit is not incorporated in NEMS.

Archival Media

The RFM is archived as part of the National Energy Modeling System production runs.

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Report Organization

Subsequent chapters of this report provide detailed documentation of each of the RFM's five working submodules. Each chapter contains the following sections:

- **Model Purpose** —a summary of the submodule's objectives, detailing input and output quantities, and the relationship of the submodule to other NEMS modules
- **Model Rationale** —a discussion of the submodule's design rationale, including insights into assumptions utilized in the model development process, and alternative modeling methodologies considered during submodule development phase
- **Model Structure**—an outline of the model structure, using text and graphics to illustrate the major model data flows and key computations
- **Appendices**—supporting documentation for input data and parameter files currently residing on the EIA mainframe computer. Appendix A in each RFM submodule chapter lists and defines the input data used to generate parameters and endogenous forecasts. Appendix B contains a mathematical description of the computation algorithms, including model equations and variable transformations. Appendix C is a bibliography of reference materials used in the model development process. Appendix D consists of a model abstract. Appendix E discusses data quality and estimation methods.

2. Landfill Gas (LFG) Submodule

Model Purpose

The main purpose of the Landfill Gas (LFG) Submodule is to provide EMM with annual projections of electric power capacity of landfill-gas-to-energy plants. The submodule uses the quantity of municipal solid waste (MSW) that is produced, the proportion of MSW that will be recycled, and the emission characteristics of three types of landfills, to produce forecasts of the future electric power capacity from landfill gas.

It is assumed that no new mass burn waste-to-energy facilities will be built and operated during the forecast period in the US. This assumption is supported by EIA discussions with industry experts. It is also assumed that mass burn waste-to-energy facilities that are already operational will continue to operate and retire as planned throughout the forecast period.

Relationship of the LFG Submodule to Other Models

The LFG submodule passes capacity estimates and cost and performance characteristics of the landfill-gas-to-electricity technology to the EMM for capacity planning decisions. LFG cost and performance characteristics reside in RFM's input file MSWDAT.

The amount of new landfill-gas-to-electricity capacity during the projection period competes with other technologies using supply curves that are based on the amount of high, low, and very low methane producing landfills located in each electricity market module region.

The only interfaces from other NEMS modules are: (1) annual real Gross Domestic Product (GDP) and (2) the total U.S. population projection, both of which come from the NEMS Macroeconomic Activity Module (MAM).

Modeling Rationale

Theoretical Approach

The modeling approach involves calculation of a three-step supply curve that is based on the amount of high, low, and very low methane producing landfills located in each electricity market module region. An average cost of electricity production for each type of landfill is calculated using gas collection system and electricity generator costs and characteristics developed by EPA's Energy Project Landfill Gas Utilization Software (E-PLUS)³.

³ U.S. Environmental Protection Agency, Atmospheric Pollution Prevention Division, *Energy Project Landfill Gas Utilization Software (E-PLUS) Version 1.0*, EPA-430-B-97-006, Washington DC, January 1997.

Fundamental Assumptions

MSW Quantity Projections

The amount of methane available is calculated by first determining the amount of total waste generation excluding composting and incineration for the years 1999 through 2020 and applying assumptions regarding the amount of waste that is recycled against this waste stream.

The definition of MSW for the initial regression in the LFG Submodule is consistent with that used by the Environmental Protection Agency (EPA) and defined in Subtitle D of the Resource Conservation and Recovery Act. In this definition, municipal solid waste includes discarded durable goods, nondurable goods, containers and packaging, food wastes, and yard trimmings from the residential, commercial, institutional, and industrial sectors. The EPA definition of MSW does not include everything that might be landfilled in Subtitle D landfills or burned, such as municipal sludge, nonhazardous industrial wastes, construction and demolition wastes, urban wood waste and tires. These wastes are often disposed alongside those wastes formally defined as MSW. To capture these other materials as part of the projections, the EPA estimates (Franklin 1994) were compared to the higher quantities reported in the annual Biocycle survey (Biocycle, 1993). The average difference between the EPA and Biocycle values for historical years was used as a multiplicative adjustment factor applied to the regression results. In effect it represents the difference between a calculated value and the more empirical value presented by the survey. These same values for total MSW are also used in estimating landfill gas use, discussed later in this section.

Estimation of Recycling Quantity

It is assumed that recycling will account for 35 percent of the total waste stream by 2005 and will linearly increase to 50 percent by 2010. The recycling portion is held constant at 50 percent from 2010 through 2020. This is consistent with EPA's goals of nationwide recycling targets. This is considered to be an ambitious but achievable goal since some communities in the US are already recycling at 50 percent levels.

Projected Quantity of Methane Generation

The quantity of waste that will be landfilled from 1999 through 2020, is used as supply inputs for a slightly modified EMCON Methane Generation Model⁴. The EMCON model characterizes waste into three categories: readily, moderately, and slowly decomposable material – based on the emission characteristics of each type of waste. It then calculates methane emissions over the decomposition cycle associated with each type. The model

⁴ D. Augenstein, "The Greenhouse Effect and U.S. Landfill Methane", Global Environmental Change, December 1992, pp. 311-328.

and emission parameters are the same as those used in calculating historical methane emissions in EIA's *Emissions of Greenhouse Gases in the United States 1998*⁵.

The ratio of high, low, and very low methane production sites to total methane production is calculated by applying the ratios of high, low, and very low methane yielding sites as calculated from data obtained for 156 operating landfills contained in the Governmental Advisory Associate's METH2000 database⁶.

Constructing the Supply Curve

The production cost of electricity for high, low, and very low methane-yielding sites was calculated by constructing a model of a representative 100-acre by 50-foot deep landfill site and by applying methane emission factors for high, low, and very low methane emitting wastes (Table 2-1).

Table 2-2 shows the cost-of-electricity for the three landfill types and the regional distribution of landfill capacity. In order to construct Table 2-2 the Governmental Advisory Associate's METH2000 database was used. This database has data on 156 operating landfills from which ratios of high, low, and very low methane yielding sites for each state can be calculated. The state level ratios of the different types of sites are then mapped to NERC regions allocating capacities to the different NERC regions on the basis of their shares of State areas. Annual methane production for a hypothetical site differs with each yield assumption. Therefore, each landfill type has associated differences in terms of generator size, number of wells, cost of gas cleanup, piping, and other gas collection and generating requirements. These variations lead to different production costs of electricity due to increases in material cost as well as economies of scale. In general, high methane yield sites produce electricity at a lower cost per kilowatt-hour than lower yielding sites. The cost of electricity and the available supply of methane at each yield assumption for each region is shown in Table 2-2.

⁵ Energy Information Administration, *Emissions of Greenhouse Gases in the United States 1998*, DOE/EIA-0573(98), Washington DC, October 1999, Appendix A: Estimation Methods, pp. 88-90.

⁶ Governmental Advisory Associates, Inc., METH2000 Database, Westport CT, January 25, 2000.

Table 2-1. Methane Production Parameters for High, Low, and Very Low Yield Sites

Methane Yield Parameters	High Yield	Low Yield	Very Low Yield
Fraction readily decomposable	0.040	0.040	0.040
Fraction moderately decomposable	0.450	0.450	0.450
Fraction slowly decomposable	0.052	0.052	0.052
Rate of methane yield – readily decomposable (ft ³ /pound)	4.50	2.75	1.38
Rate of methane yield – moderately decomposable (ft ³ /pound)	3.55	1.95	0.98
Rate of methane yield – slowly decomposable (ft ³ /pound)	0.50	0.29	0.16
Lag for methane generation from readily decomposable waste (years)	0	0	0
Lag for methane generation from moderately decomposable waste (years)	2	2	2
Lag for methane generation from slowly decomposable waste (years)	5	5	5
Production limit for readily decomposable waste (years)	3	4	4
Production limit for moderately decomposable waste (years)	10	20	20
Production limit for slowly decomposable waste (years)	20	40	40

Source: Energy Information Administration, *Emissions of Greenhouse Gases in the United States 1999*, DOE/EIA-0573(99), Washington, DC, October 2000, Appendix A: Estimation Methods. Parameters for very low yield site assumed to be 50 percent of low yield site values.

Table 2-2. Landfill Gas to Energy Supply and Cost of Electricity Production by Region

MW equivalent	ECAR	ERCOT	MAAC	MAIN	MAPP	NY	NE	FL	STV	SPP	NWP	RA	CNV	US
High yield	72	12	93	83	43	54	62	14	68	5	17	-	131	653
Low yield	30	26	22	92	22	27	6	26	22	-	58	-	250	581
Very low yield	539	316	311	495	150	142	51	158	447	185	185	91	749	3,819
Total	641	354	427	670	214	222	119	198	537	191	260	91	1,130	5,053
Percent of national capacity														
High yield	1.43	0.23	1.84	1.64	0.85	1.06	1.23	0.28	1.35	0.11	0.33	0.00	2.59	12.93
Low yield	0.60	0.51	0.44	1.82	0.43	0.53	0.12	0.52	0.43	0.00	1.16	0.00	4.95	11.50
Very low yield	10.66	6.26	6.16	9.79	2.96	2.81	1.00	3.12	8.85	3.66	3.65	1.80	14.83	75.57
Total	12.69	7.01	8.44	13.26	4.23	4.39	2.36	3.92	10.63	3.77	5.14	1.80	22.36	100.00
Electricity price (1998 cents/kilowatt-hour)														
High yield														3.20
Low yield														4.10
Very low yield														6.45

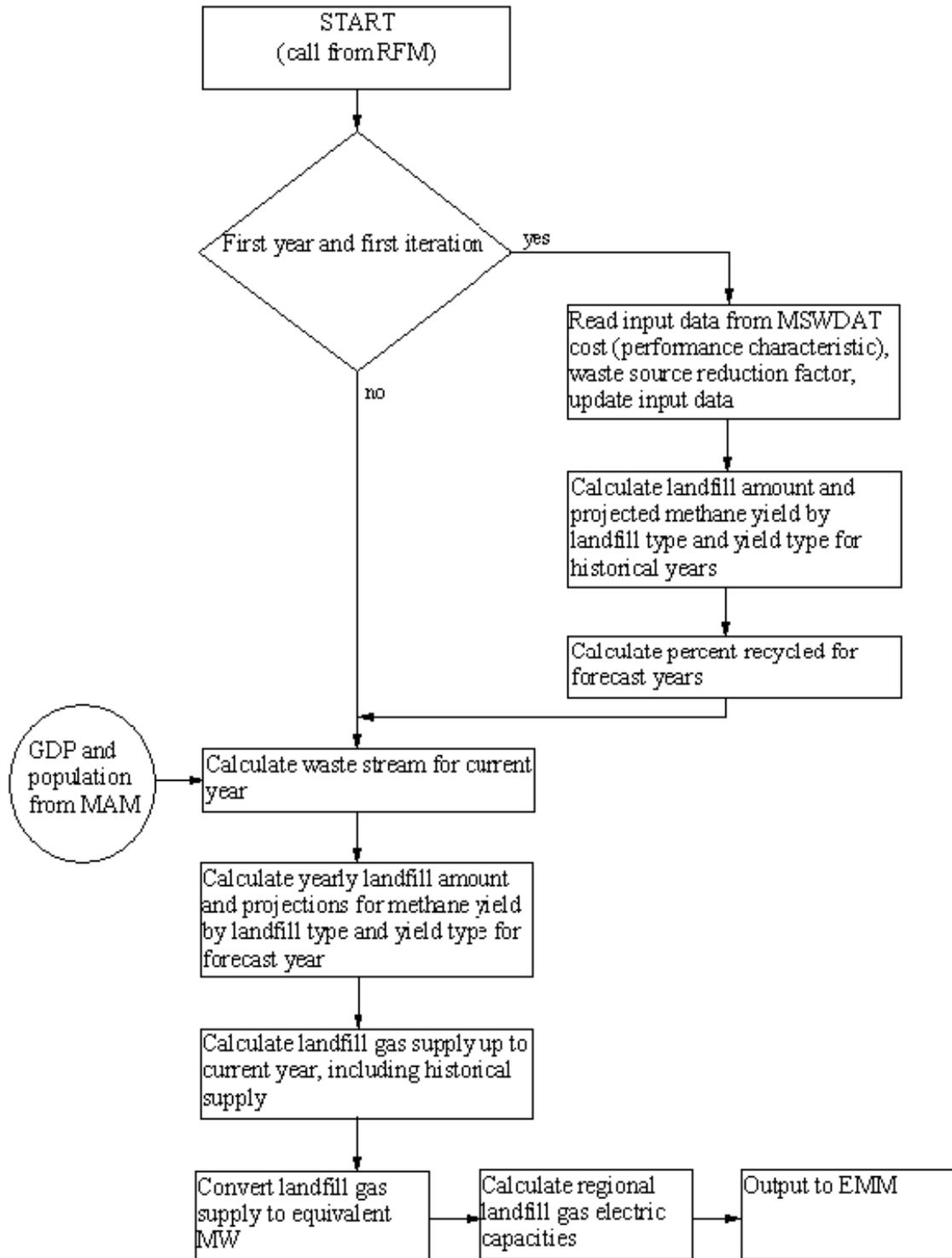
Source: Energy Information Administration, Office of Integrated Analysis and Forecasting

LFG Submodule Structure

Submodule Flow Diagram

This section presents a flow diagram (Figure 2) of the LFG Submodule that shows the Submodule's main computational steps and data relationships.

Figure 2. Landfill Gas Submodule Flowchart



Key Computations and Equations

The LFG Submodule calculates a three-step supply curve that is based on the amount of high, low, and very low yield methane producing landfills located in each electricity market module region. An average cost of electricity generation for each type of landfill is calculated using gas collection system and electricity generation costs and characteristics.

The amount of methane available is calculated by first determining the amount of total waste available excluding composting and incineration for 1999 through 2020 and applying assumptions regarding the amount of waste that is recycled against this waste stream. It is assumed that recycling will account for 35 percent of the total waste stream by 2005 and will linearly increase to 50 percent by 2010. The recycling portion is held constant at 50 percent from 2010 through 2020.

The quantity of waste that will be landfilled from 1999 through 2020 is used as supply input for the methane generation model. The model calculates methane emissions over the decomposition cycle associated with each type of waste (readily, moderately, and slowly decomposable material).

The ratio of high, low, and very low methane production sites to total methane production is calculated by applying the ratios of high, low, and very low methane yielding sites as calculated from data obtained for 156 operating landfills contained in the Governmental Advisory Associate's METH2000 database.

The cost of electricity generation for high, low, and very low methane yielding sites is calculated by constructing a model of a representative 100-acre by 50-foot deep landfill site and by applying methane emission factors for high, low, and very low methane emitting wastes.

Formulae for some of these calculations are presented in Appendix 2B: Mathematical Description.

Appendix 2-A: Inventory of Variables, Data, and Parameters

This Appendix describes the variables and data inputs associated with the LFG Submodule. Table 2A-1 provides a tabular listing of model variables, input data, and parameters. The table contains columns with information on item definitions, modeling dimensions, data sources, measurement units, and documentation page references.

The remainder of Appendix 2A consists of detailed descriptions of data inputs and variables, including discussions on supporting data assumptions and transformations.

Table 2A-1. NEMS Landfill Gas Submodule Inputs and Outputs

Model Variable	Definition and Dimensions	Source	Units
INPUT DATA			
<i>WHC</i>	MSW heat content values in Census division <i>r</i> in year <i>y</i>	U.S. EPA	Btu/lb of MSW
<i>UPHTRT*</i>	LFG heat rate for electricity production	Government Advisory Associates Oak Ridge	Btu/kWh
<i>UPMCF*</i>	Capacity factor of a LFG plant	EPRI TAG	unitless
<i>UPOVR*</i>	Capital cost for a LFG plant	EPRI TAG	\$/KW
<i>UPFOM*</i>	Fixed O&M cost for a LFG plant	EPRI TAG	mills/kWh
<i>WVC</i>	Variable O&M cost for a LFG plant	EPRI TAG	mills/kWh
<i>SR</i>	Annual source reduction factor	EIA staff	Percentage
<i>a₁</i>	Regression coeff. representing GDP dependency	Regressed by EIA	10 ⁶ ton/10 ⁹ \$
<i>a₂</i>	Regression coeff. representing population dependency	Regressed by EIA	10 ⁶ ton/10 ⁶ capit a
	waste stream adjustment factor	Determined by EIA	unitless

Table 2A-1. NEMS Landfill Gas Submodule Inputs and Outputs (Continued)

Model Variable	Definition and Dimensions	Source	Units
CALCULATED VARIABLES			
<i>MC_GDP92C</i>	Real gross domestic product for year <i>y</i>	Determined in MAM	Billion \$
<i>MC_N</i>	U.S. Population incl. Overseas armed forces	Determined in MAM	10 ⁶
<i>Q</i>	Quantity of energy from municipal solid waste for generation of electric power in EMM region <i>n</i>		MMBtu per year
<i>WASTE_STREAM</i>	Quantity of municipal solid waste produced in the U.S.		million tons per year
<i>WCAMSEL</i>	MSW electric capacity for utilities in EMM region <i>n</i> in year <i>y</i>		Megawatts
<i>WVCMSEL</i>	Variable O&M cost of MSW electric generating capacity in EMM region <i>n</i> in year <i>y</i> adjusted for tipping fees		mills/kWh

*Assigned in EMM input file ECPDAT.

MODEL INPUT: *WHC*

DEFINITION: Heat content in year *y*

Heat content values, measured in Btu per pound of MSW. Heat contents are national data, and are assumed to be the same for each EMM region. The historic and projected percent composition of MSW was obtained from Franklin Associates for each of the main components of MSW. The main components of MSW include: paper and paper board, glass, metals, plastics, rubber and leather, textiles, wood, food waste, yard waste, other organics, and other inorganics. The Btu content was obtained for each material from the U.S. EPA. The percentages and Btu contents were combined to provide an overall heat content per pound of MSW. Values for the years through 2000 were based on an assumed continuation of the historical increasing trend. Beyond 2000, it was assumed that HC remains level for the duration of the forecast horizon.

SOURCES:

Oak Ridge National Laboratory, "Data and Sources: Biomass Supply Draft Report," prepared for EIA under Contract No. DE-AC05-84OR21400, Oak Ridge, TN, June 27, 1993, p. 7-10.

Franklin Associates, "Characterization of Municipal Solid Waste in the United States: 1997 Update," prepared for the Environmental Protection Agency, Municipal and Industrial Solid Waste Division, Office of Solid Waste, May 1998.

MODEL INPUT: UPHTRT

DEFINITION: Heat rate for LFG plants

The heat rate (Btu/kwh) is assumed constant for all EMM regions and years. For those plants that cogenerate electricity and steam, the heat rate is assumed to equal the heat rate of facilities that generate only electricity.

SOURCE:

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR-1022765, Vol. 1: Rev. 7, Palo Alto, CA, June 1993.

MODEL INPUT: UPMCF

DEFINITION: Capacity factor for an LFG plant

SOURCES:

Oak Ridge National Laboratory, "Data and Sources: Biomass Supply Draft Report," prepared for EIA under Contract No. DE-AC05-84OR21400, Oak Ridge, TN, June 27, 1993, p. 19.

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR-102276S, Vol. 1: Rev. 7, Palo Alto, CA, June 1993.

MODEL INPUT: UPOVR

DEFINITION: Capital cost of an LFG plant

SOURCE:

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR-102276S, Vol. 1: Rev. 7, Palo Alto, CA, June 1993.

MODEL INPUT: UPFOM

DEFINITION: Fixed operation & maintenance (O&M) cost for an LFG plant

Data for calculating operating costs are obtained from the EPRI Technical Assessment Guide (TAG). Data are available for mass burn technology and refuse derived fuel. Information for the mass burn technology is used in the calculations, assuming a 78 percent capacity factor.

SOURCES:

Oak Ridge National Laboratory, "Data and Sources: Biomass Supply Draft Report," prepared for EIA under Contract No. DE-AC05-84OR21400, Oak Ridge, TN, June 27, 1993, p. 19.

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR102276S, Vol. 1: Rev. 7, Palo Alto, CA, June 1993.

MODEL INPUT: *WVCMSEL*

DEFINITION: Variable O&M cost for an LFG plant in EMM region *n* and year *y* adjusted for tipping fees

Data for calculating the operating cost are obtained from the EPRI Technical Assessment Guide (TAG). Data are available for mass burn technology and refuse derived fuel. Information for the mass burn technology is used in the calculations. The variable operating cost is adjusted by subtracting the tipping fee, and assigning the operating cost value to the RFM common block variable, *WVCMSEL*.

SOURCES:

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR102276S, Vol. 1: Rev. 7, Palo Alto, CA, June 1993.

Oak Ridge National Laboratory, "Data and Sources: Biomass Supply Draft Report," prepared for EIA under Contract No. DE-AC05-84OR21400, Oak Ridge, TN, June 27, 1993, p. 19.

MODEL INPUT: *WVC*

DEFINITION: Variable O&M cost for an LFG plant

Variable represents the unadjusted (excluding tipping fees) O&M cost for LFG plants.

SOURCES:

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR102276S, Vol. 1: Rev. 7, Palo Alto, CA, June 1993.

Oak Ridge National Laboratory, "Data and Sources: Biomass Supply Draft Report," prepared for EIA under Contract No. DE-AC05-84OR21400, Oak Ridge, TN, June 27, 1993, p. 19.

MODEL INPUT: SR

DEFINITION: Annual source reduction factor, the amount of annual waste stream reduction achieved - percentage.

SOURCE:

EIA, Office of Integrated Analysis and Forecasting

MODEL INPUT: a_1

DEFINITION: Regression coefficient representing the GDP dependency of the waste stream

SOURCE:

Franklin Associates, "Characterization of Municipal Solid Waste in the United States: 1997 Update," prepared for the Environmental Protection Agency, Municipal and Industrial Solid Waste Division, Office of Solid Waste, May 1998.

MODEL INPUT: a_2

DEFINITION: Regression coefficient representing the population dependency of the waste stream.

SOURCE:

Franklin Associates, "Characterization of Municipal Solid Waste in the United States: 1997 Update," prepared for the Environmental Protection Agency, Municipal and Industrial Solid Waste Division, Office of Solid Waste, May 1998.

MODEL INPUT: α

DEFINITION: Waste stream adjustment factor - expands the EPA-defined MSW quantity to account for empirical information on other disposed materials.

SOURCES:

Biocycle, "The State of Garbage in America," Annual series, (April 1988-April 1997).

Franklin Associates, "Characterization of Municipal Solid Waste in the United States: 1998 Update," prepared for the Environmental Protection Agency, Municipal and Industrial Solid Waste Division, Office of Solid Waste, May 1998.

Appendix 2-B: Mathematical Description

This Appendix provides the detailed mathematical specification of the LFG Submodule as presented in the RFM FORTRAN code execution sequence.

The LFG submodule first computes the annual amount of municipal solid waste as a bi-linear relation of the national population and the economic activity as represented by the GDP.

$$WASTE_STREAM_y = a_1 * MC_GDP92C_y + a_2 * MC_N_y$$

Where:

$WASTE_STREAM_y$	=	national annual waste stream in year y , in [10^6 ton]
a_1	=	regression coefficient representing the impact of change in GDP ($a_1=0.02523713$ [10^6 ton/ 10^9 \$])
a_2	=	regression coef. representing the impact of change in population ($a_2=0.159544$ [10^6 ton/ 10^6 capita])
MC_GDP92C_y	=	gross domestic product in year y , in [10^9 \$] (chain weighted)
MC_N_y	=	national population in year y , in [10^6 capita]

The waste stream is then adjusted to capture the efforts to reduce generation of MSW and to reflect definitional change. The relation is expressed as:

$$WASTE_STREAM_y = WASTE_STREAM_y * (1 - (y + 15) SR) * \alpha * 1000$$

Where:

$WASTE_STREAM_y$	=	Adjusted national annual waste stream in year y , in [10^6 ton]
y	=	NEMS year
SR	=	source reduction factor ⁷
α	=	waste stream adjustment factor - expands the EPA-defined MSW quantity to account for empirical information on other disposed materials. The value is calculated as a simple average of the ratios of the EPA value to the total waste value from a State survey by <i>Biocycle</i> magazine. ⁸

⁷ Allaway, David, "Does Source Reduction Work?", *Resource Recycling*, July 1992, pp. 52-61.

⁸ "The State of Garbage in America" (repeated annually), *Biocycle*, April/May, 1989-1997.

Source Reduction Factor

Projections of MSW generation quantities based on the above regression approach must be modified because of structural market changes that are occurring and are likely to occur in future years. Governments and businesses have adopted strategies to lessen the amount of waste generated without reducing economic output. The general term for these strategies is *source reduction*. An example of such a strategy is the local government trend toward unit-based disposal rates, which has brought about a reduction of generated waste where implemented. Source reduction goals can be met through a combination of source reduction and recycling. To the extent that source reduction strategies are successful, they will likely alter the basic relationship between GDP and MSW quantity.

In order to reflect anticipated annual reductions in the quantity of MSW generated on account of source reduction efforts, the quantity projected by the MSW supply equation will be reduced by an exogenously-determined source reduction multiplier. This multiplier, *SR*, will be based in part on legislation passed or proposed to promote source reduction. Currently, EIA uses expert judgment to derive the *SR* parameter that is currently used in the MSW supply equation.

Waste Stream Adjustment Factor

As mentioned earlier, the basic regression to develop coefficients uses the EPA definition of MSW. However, this definition omits a notable segment of the waste stream that is likely to be burned or buried. Among omitted materials are tires, construction and demolition debris, and certain industrial materials. An adjustment, is computed as a multiplier on the equation to represent the inclusion of these items. The value for is the average of the incremental differences between the EPA value and one presented in an annual survey by *Biocycle* magazine. The same value applies to all regions. While its empirical nature is a strength, the *Biocycle* value is deficient in that there is a lack of quality control, especially in that the definition of MSW may vary by State.

Appendix 2-C: Bibliography

Biocycle, "*The State of Garbage in America*," April and May issues, 1989-2001.

Electric Power Research Institute, *Technical Assessment Guide*. EPRI TR-102276S, Vol. 1: Rev. 7, Palo Alto, CA, June 1989.

Environmental Protection Agency, *Compilation of Air Pollutant Emission Factors, Vol. 2. Stationary Point and Area Sources*, 4th edition. Supplement D, AP-42, September 1991, p. 2.1-7.

Environmental Protection Agency, "Municipal Solid Waste in the United States: 1999 Final Report," Municipal and Industrial Solid Waste Division, Office of Solid Waste, May 1999.

Curlee, Randall, T., "*MSW Projection for the EIA 1992 Annual Energy Outlook, Draft Report*," Oak Ridge National Laboratory, prepared for the Energy Information Administration, August 1991.

Curlee, Randall, T., "Projection of Energy from Combustion of Municipal Solid Waste: 1993, DOE/EIA AEO Update," Oak Ridge National Laboratory, prepared for the Energy Information Administration, July 1992.

Government Advisory Associates, *Resource Recovery Yearbook*, 177 East 87th Street, New York, NY, 1993.

National Solid Waste Management Association, "The 1992 Municipal Waste Combustion Guide," *Waste Age* 23(11): pp. 99-117, November 1992.

National Solid Waste Management Association, "1990 Landfill Tipping Fee Survey," Washington, DC.

Office of Technology Assessment, *Facing America's Trash: What Next for Municipal Solid Waste?*, Congress of the United States, U.S. Government Printing Office, Washington, DC, October 1989.

Science Applications International Corporation, McLean, VA, "Updated Estimates of Methane Emissions from U.S. Landfills," (McLean, VA, June 1997).

SERI, "The Potential of Renewable Energy," an Interlaboratory White Paper, Solar Energy Research Institute and other laboratories, SERI/TP-260-3674, Golden Colorado, March 1990.

Klass, "*The U.S. Biofuels Industry*," *Energy from Biomass and Wastes XIV*, "Institute of Gas Technology," Chicago, IL, pg 1-46, 1990.

Waste Age, "*The 1992 Municipal Waste Combustion Guide*," November 1992.

Appendix 2-D: Model Abstract

Model Name:

Landfill Gas Submodule

Model Acronym:

LFG

Description:

The submodule uses the quantity of municipal solid waste produced (derived econometrically), to produce forecasts of the production of electricity from landfill gas. Forecasts are disaggregated by region.

Purpose of the Model:

The LFG Submodule provides the NEMS Electricity Market Module with annual regional projections of energy produced from landfill gas. The submodule provides regional forecasts of electric capacity to be decremented from electric utility capacity requirements, as well as capital and operating costs for the calculation of electricity prices.

Most Recent Model Update:

March 2001.

Part of Another Model?:

The LFG submodule is a component of the Renewable Fuels Module (RFM) of the National Energy Modeling System (NEMS).

Official Model Representative:

Zia Haq

Coal and Electric Power Division

Energy Information Administration

Phone: (202) 586-2869

e-mail: zia.haq@eia.doe.gov

Documentation:

Model Documentation Report, Renewable Fuels Module of the National Energy Modeling System, February 2002.

Archive Media and Installation Manual(s):

Archived as part of the NEMS production runs.

Energy System Described:

Energy production from the combustion of landfill gas.

Coverage:

- Geographic: Thirteen modified EMM regions.
- Time Unit/Frequency; Annual, 1990 through 2020
- Products: generating capacity
- Economic Sectors: electric utility sector

Modeling Features:

- Model Structure: Sequential calculation of forecasted landfill gas to electricity generation, followed by derivation of regional and sector energy shares based on estimates of the percentage of MSW combusted.
- Modeling Technique: Econometric estimation of municipal solid waste generation, coupled with an energy share allocation algorithm for deriving electric generation capacity and energy quantities by sector and region.
- Special Features: Allows for the modeling of regional and national resource recovery efforts.

Non-DOE Input Sources:

Franklin Associates, data prepared for the Environmental Protection Agency:

- National annual quantity of municipal solid waste generated
- Current annual percentages of municipal solid waste combusted and landfilled

Government Advisory Associates, *Resource Recovery Yearbook* and Resource Recovery Database:

- Plant-specific electricity generation, Btu energy content of MSW
- Plant locations and energy consuming sectors

Electric Power Research Institute, *TAG Technical Assessment Guide*:

- Capital cost; fixed and variable operation & maintenance costs
- Plant capacity factor

DOE Input Sources:

Source reduction factor

Waste stream adjustment factor

Landfill gas-fueled capacity

Projected shares of MSW combusted and landfilled

Heat content of MSW

Current capacities for MSW and landfill gas-fueled units

Computing Environment:

- Hardware Used: IBM RS 6000
- Operating System: UNIX
- Language/Software used: VS FORTRAN, Ver. 2.05

Independent Expert Reviews Conducted:

None.

Status of Evaluation Efforts by Sponsor:

None.

Appendix 2-E: Data Quality and Estimation Processes

This Appendix discusses the quality of the principal sources of input data used in the LFG Submodule, along with a discussion of user-defined parameters and guidelines used to select them.

A principal driver of the LFG projection is the estimation of the projected waste stream. This is done in a stepwise fashion beginning with EPA data and supplemented with data from *Biocycle*. EPA data are based on in-depth analysis, but are defined narrowly. However, the data have the advantage of a lengthy series. The data were correlated to GDP and population data. Since considerable material outside that definition does and will be disposed in combustors and landfills, the EPA value was factored up to a level represented by *Biocycle*'s survey data. The weakness of this data is that the individual States reporting would be using varying definitions of MSW, and the vintage of the data series varies somewhat. The source reduction value is estimated based on readings of MSW literature and although the precise level is judgmental, it is deemed important to include.

The portion of capacity that was projected from the landfilled share of the waste is estimated in the model. There is a somewhat similar stepwise process for deriving energy and hence, capacity for this share. The key is the formulae for computing gas yield from existing and future landfilled MSW over their lifetimes. These have been developed from EPA research reports and are assumed to remain valid throughout the forecast region. The conversion of the resulting gas energy to generate capacity is similar to the approach for combustors. A key assumption is the increase in the percent of gas captured from about 13 percent in 1995 to about 50 percent by 2010. This is consistent with the goals of an EPA program to reduce methane emissions.

3. Wind Energy Submodule (WES)

Model Purpose

The Wind Energy Submodule (WES) contains information on U.S. regional wind energy resources and provides estimates of wind supplies by region and cost category to the Electricity Capacity Planning (ECP) component of the Electricity Market Module (EMM). WES quantifies regional wind supplies by differences in (1) average wind speed, and (2) distances from existing transmission lines.

General technology values – such as overnight capital cost, fixed operations and maintenance costs, renewable energy production incentives under Section 1212 of the Energy Policy Act of 1992 (EPACT), construction profiles, and optimism and learning characteristics – are input directly from the ECPDAT file in the EMM. The RFM data file “rendat” contains the short- and long-term cost adjustment factors.

The combination of wind supplies and technology costs yields regional wind technology cost supply information to the EMM.

Only grid-connected central station (50 megawatt scale) wind plants are considered. Customer-sited turbines or individual turbines and small turbine clusters connected directly to the distribution grid have significantly different cost, if not performance, characteristics than central-station facilities, and are thus not modeled.

After convergence, the EMM provides the WES information on installed wind capacity. WES then calculates the remaining wind resources available for future installations.

Relationship of the Wind Submodule to Other Models

As a submodule of the RFM, WES provides its output through, and receives data through, the RFM. WES is initiated by a call from the RFM. The RFM then provides input to and receives values from the EMM.

The WES calculates values for two variable arrays, which are then passed to the EMM for further processing. The calculated arrays are (1) yearly available capacity per region, and (2) yearly capacity factors for each wind class, region, and subperiod (i.e., “slice” of the load duration curve). The first array is calculated from the available land area versus wind class (average speed “bins”), the energy per unit swept rotor area, and the annual capacity factor for each wind class. The second array is calculated from the subperiod energy percentages and subperiod definitions. All other input data, such as economic life, construction profile, fixed operation and maintenance costs, the forced outage rate, and other values, are passed directly from ECPDAT to the EMM. The WES generates a wind capacity supply curve with a straightforward (deterministic) calculation from wind turbine performance projections. The uncertainties in the results are related to the technological cost and performance projections and the assumptions about the availability of wind.

Modeling Rationale

Theoretical Approach

Wind resources are not a uniform supply for use in electricity generation. Winds vary geographically and temporally (by hour of the day and by season of the year) and differ in distance from transmission lines. The purpose of the Wind Energy Submodule (WES) is to account for effects of these variables on wind supply by estimating the quantities (megawatts) of wind capacity available for new generating capacity in each region in each wind quality category.

The submodule begins with estimates of land area exhibiting specified ranges of average annual wind speed. It uses the moderate exclusion scenario described in the 1991 PNL report, "An Assessment of the Available Windy Land Area and Wind Energy Potential in the Contiguous United States," which excludes lands assumed prohibited for other uses; it further differentiates the areas by average distances from transmission lines, and finally estimates the quantities of generating capacity remaining available in each forecast year in each wind quality-distance category. For use in calculating efficiencies and costs, WES also differentiates and projects regional average capacity factors by EMM load periods.

Having estimated available megawatts regional capacity, the EMM uses general cost and performance values in ECPDAT and regional capacity factor values for the EMM load periods to calculate the net present value of the wind technology over its economic life and then competes wind technology with fossil and other alternatives in the capacity planning process.

U.S. commercial wind installations have existed since the early 1980's. Counts of these pre-existing installations are used to adjust estimates of available windy land at the beginning of the NEMS model run. The WES tracks the quantity of windy land remaining by wind class and zone that is available for future development after each run year by calculating the amount of resource required to provide a given amount of wind installed capacity and subtracting that amount from the total resource available. This assumes that the best economic resource (i.e. highest average wind speed and closest proximity to the electric grid) is used first. The amount of resource used is then subtracted from the previous year's available amount to yield the current year's available windy land. The wind resource depletion scheme uses the land area with the highest quality wind class in all zones beginning with the one closest to the transmission lines and then expanding to the more distant zones before using the next lower quality wind resource.

Fundamental Assumptions

WES Wind Capacity Projections

The EMM requires capacity, performance, and cost data by EMM region. Overall technology cost and performance assumptions, such as overnight capital cost, construction profile, fixed operations and maintenance costs, subsidies (e.g. renewable energy production incentive under EPACT), optimism and learning characteristics, and other assumptions applicable to all regions reside in the ECPDAT file of the EMM and not in the WES. Values which vary by region and contribute to differences in generating costs and performance, along with the steps necessary in calculating overall cost differences for capacity decisions in EMM are found in the WES. As in the EMM, values are provided for 13 EMM regions excluding Alaska and Hawaii. WES also contains 9 distinct capacity factors for each EMM region, covering three seasons (winter, summer, and spring/fall) and three time-of-day periods (early morning, morning and evening, and peak).

The WES submodule converts estimates of wind supply in each EMM region to estimates of available capacity by wind quality group in the following manner:

First, the WESTECH file in WES contains estimates of windy land area (square kilometers) in each EMM region by wind class, all estimated at a rotor hub height of 10 meters:

<u>Average Annual Wind Speed</u>	<u>WES Wind Class</u>	<u>PNL Wind Class</u>
Above 14.5 mph	Class 1	6+
13.4 – 14.5 mph	Class 2	5
12.4 – 13.4 mph	Class 3	4

The land area available for wind plant development has been extracted from data produced at the Pacific Northwest Laboratory (PNL). In producing the Wind Energy Resource Atlas, PNL staff attempted to account for variations in such factors as anemometer height and placement through measures such as making determinations regarding the validity of data and extrapolating the wind speeds to a standard height.

PNL developed its area assessments of available resources by segmenting its resource maps into one-third degree longitude by one-quarter degree latitude grids. These grid cells formed the basic unit for which wind power and land availability are estimated. Because of resolution limitations, details of wind resource were lost, particularly in mountainous and coastal areas. Since wind speed estimates in mountainous regions apply only to areas free of obstructions, only fractions of the areas shown in the atlas are actually available for development. These fractions were estimated by PNL when producing a real estimates.

PNL developed scenarios covering a range of land exclusion amounts. The WES input data are based on the “moderate” exclusion scenario, which excludes all environmentally protected lands (such as parks and wilderness areas), all urban lands, all wetlands, 50

percent of forest lands, 30 percent of agricultural lands, and 10 percent of range and barren lands.

Second, windy land areas are further disaggregated – or eliminated – by distance from existing transmission 115kV or 230kV transmission lines:

<u>Zone</u>	<u>Land Distance from Transmission Line (miles)</u>
1	0 - 5 miles
2	5 – 10 miles
3	10 – 20 miles

In effect, corridors of 10, 20, and 40 miles are established centered with existing transmission lines.

As a result, eligible wind areas in each EMM region are distributed among 9 wind speed and distance categories. Because new transmission lines are assumed necessary connecting new generating capacity to the lines, WES imposes increasing costs for new capacity at greater distances, with assumed average distances from existing lines of 2.5, 7.5, and 15 miles.

Additions to capital costs occur to account for interconnection itself and also for the increased interconnection distances unique to wind power.

All new technologies, including wind, are assigned an increment to capital cost to account for interconnection itself. Because terrain, urbanization, and other factors affect costs, interconnection costs are assigned in the EMM for each electric power region, as follows:

<u>EMM Region</u>	<u>Interconnection Cost per Kilowatt</u> (\$1987)
1 ECAR	124.4
2 ERCOT	133.1
3 MAAC	151.0
4 MAIN	123.1
5 MAPP	123.1
6 NY	151.0
7 NE	151.0
8 FL	129.2
9 STV	129.2
10 SPP	128.2
11 NWP	258.8
12 RA	226.4
13 CNV	323.9

Source: Energy Information Administration, Office of Integrated Analysis and Forecasting, input file ECPDAT

Further, wind technologies are assigned an additional interconnection cost as follows:

<u>EMM Region</u>	<u>Wind Interconnection Cost per Kilowatt (\$1987)</u>		
	<u>5 Miles</u>	<u>10 Miles</u>	<u>20 Miles</u>
1 ECAR	8.1	24.3	48.6
2 ERCOT	8.2	24.6	49.2
3 MAAC	11.0	33.0	66.0
4 MAIN	7.6	22.8	45.6
5 MAPP	7.8	23.4	46.8
6 NY	9.0	27.0	54.0
7 NE	8.7	26.1	52.2
8 FL	6.2	18.6	37.2
9 STV	10.0	30.0	60.0
10 SPP	9.7	29.1	58.2
11 NWP	8.6	25.8	51.6
12 RA	6.3	18.9	37.8
13 CNV	10.8	32.4	64.8

Source: Energy Information Administration, Office of Integrated Analysis and Forecasting, input file WESTECH.

Third, WES subroutine CALMWA converts windy land areas (square kilometers) to estimates of wind energy (kilowatthours/square meter) by estimating the number of wind turbines to be placed per unit area⁹, and the energy capture of each turbine. For AEO2003, EIA assumes an array of turbines spaced 5 rotor diameters between turbines and 10 rotor diameters between turbine rows. Using capacity factors discussed below, CALMWA and the WES then calculate the electric generating capability that can be placed within the area.

Historical analysis of wind turbine performance for U.S. installations indicates a trend of improving capacity factors with each additional capacity increment. Detailed analysis of this apparent performance improvement is complicated by the wide variety of site-specific performance factors at each installation, but several factors could, in principal, contribute to the observed trend:

- Improvements in turbine reliability, thus ensuring that the turbines are available for generation when the wind is blowing;
- Increases in rotor size and turbine height, which are able to capture more consistent, higher quality winds at altitude; and
- Better micro-siting of turbines within wind farms to maximize resource capture and

⁹ This refers to the resource area eliminated from the wind resource base. The physical plant (turbine foundation, access roads, and associated power equipment) would occupy less than 5% of this land, and the remainder could still be useful for other activities such as agriculture or grazing.

minimize aerodynamic interactions among turbines.

Although the “Betz” limit constrains the theoretical ultimate efficiency of a wind turbine (that is, the amount of energy captured as a fraction of total wind energy passing through the rotor disc), there is no pre-determined physical limit on the capacity factor of a wind turbine. Because no such limit on capacity factor can be theoretically derived, the RFM allows the user to input a limiting capacity factor for each of the three wind classes modeled based on the user’s assessment of the economic trade-offs involved in turbine design and how these trade-offs are likely to be realized under future market conditions.

Learning-induced improvement in wind turbine capacity factor are assumed to asymptotically approach the user-specified capacity factor limit according to:

$$C = C_U e^{-b/G}$$

Where C is the current capacity factor,

C_U is the ultimate capacity factor for wind Class 6 (CFULT in the WESTECH input file),

b is the decay factor, and

G is the current capacity (as passed to the RFM).

The user can specify the decay factor, b, by indicating an assumed Class 6 wind capacity factor at a specified level of capacity installation. The decay factor is calculated as follows:

$$b = G_I \ln\left(\frac{C_I}{C_U}\right)$$

Where G_I is the total installed wind capacity at some initial time, I (FIXEDX in the WESTECH input file),

C_I is the assumed capacity factor for Class 6 wind turbine installations at time I (CFATX in the WESTECH input file), and

C_U is as above, the ultimate achievable Class 6 capacity factor.

Because of the wide variation observed in the capacity factor of actual wind plant installations, and the uncertainty over the actual wind class each is constructed in, a reliable “initial conditions” measure of Class 6 capacity factor for any given year/level of installed capacity, cannot be constructed. Therefore, the user can specify the initial conditions based on the best available information/analysis.

The RFM directly calculates only the Class 6 capacity factor. Capacity factors for Class 5 and 4 wind resources are scaled to the Class 6 value, based on the ultimate capacity factors specified for each class (CFULT in the WESTECH input file).

To calculate the land area utilized in each wind class for each region, the RFM uses the specific energy capture of the turbine (kWh per square meter of swept rotor area). The RFM assumes that energy capture is a strict function of capacity factor, as shown by:

$$E = \left(\frac{0.2 * P}{\pi}\right) * C * T$$

Where C is capacity factor (as defined above),
 E is specific energy capture (kWh/m²),
 P is nominal (rated) specific power (MW/km²=W/m²) (PWRDEN in WESTECH), and
 T is the specified time period (given as 8760 hrs).

The specific power for an individual turbine, P, is the a user-specified gross power density of an arbitrarily large wind farm, with assumed inter-turbine spacing of 10 rotor diameters by 5 rotor diameters.

For the AEO2003 reference case, the parameters for wind turbine capacity factor learning are as follows:

CFULT -
 Class 6 ultimate capacity factor, 45%
 Class 5 ultimate capacity factor, 41%
 Class 4 ultimate capacity factor, 36%

FIXEDX and CFATX - An average Class 6 capacity factor of 33% is assumed at a total installed wind capacity base of 2.4 GW, roughly corresponding to the year 2000.

PWRDEN – Specified as 6.5 MW/km², assuming 5 by 10 rotor diameter spacing.

Finally, wind supply increments, expressed in megawatts, are provided the EMM, first by wind class (Class 6 first) and then by distance (within wind class). As a result, all Class 6 wind resources are exhausted before any Class 5 or Class 4 resources.

After new wind generating capacity is selected in the EMM, WES decrements wind supplies to estimate remaining wind resources.

Projected Btu Value of Wind Energy

Energy balance computations and report writing and consumption rates within NEMS require a heat rate, i.e., an equivalent fossil-fuel displacement for wind generated electricity. This is currently set at the heat rate for fossil-fueled steam-electric plants of 10,280 Btu per kilowatthour.

Cost Adjustment Factors

Capital costs for wind technologies increase as a function of either short-term or resource constraint cost adjustment factors. The short-term factor (see page 5 and following pages) accounts for short-term bottlenecks in production, siting, and construction costs and is reflected in additional capital costs incurred in a specific year for all new units of U.S. wind

capacity beyond a defined threshold. For a given year, every 1 percent annual increase in new U.S. wind capacity exceeding 50 percent results in a 1/2 percent increase in capital costs.

Regional resource constraints (long-term cost adjustments) represent the increased costs of using less efficient or more costly land and wind resources for reasons of (1) resource quality – for example, steep or rough terrain or wind sheer, (2) costs of upgrading existing transmission and distribution networks, or (3) cost increases in competition with other uses, including for environmental reasons, scenic impairment or cultural issues. For wind, each EMM region's wind resources fall among five classes, the first enjoying no capital cost increase, the second a 20 percent increase, the third a 50 percent increase, the fourth a 100 percent increase, and the fifth a 200 percent increase in capital cost. Proportions of resources incurring the increases vary among the EMM regions as a function of external information about the region's wind resources. For most regions (though not necessarily for the most critical regions), 10 percent of regions' resources fall in each of the first and second classes, with the remainder allocated evenly among the higher cost classes. Regional market penetration is also limited to 20% of total generation. This reflects assumed limits on the technical ability of grid operators to handle large amounts of non-dispatchable generation

Alternative Approaches

In most national-level energy models, wind technologies have not been considered on an equivalent basis with other sources of electricity generation. The few models that have are the Electric Power Research Institute's (EPRI) Electric Generation Expansion Analysis System (EGEAS) and the Environmental Defense Fund's (EDF) "ELFIN". Also, DOE's Wind/Hydro/Ocean Division has developed spreadsheet models that project utility market penetration of wind technologies based on comparisons of wind plant costs of energy (COE's) and marginal COE's for conventional generators.

EGEAS was developed jointly by EPRI and Stone and Webster. It consists of a set of computer programs for utility system planners which determines an optimal expansion plan or simulates a pre-specified plan. Expansion plans define the type, size, and installation date for each new generating facility. The objective is to find an expansion plan which minimizes the sum of operating expenses and capital fixed charges. EGEAS provides three main optimization techniques which offer a balance between modeling flexibility and computational efficiency. EGEAS can handle a wide range of dispatchable and nondispatchable technologies, including wind.

The limitation of EGEAS with regard to renewables is that the variability or intermittency of wind resources is not explicitly incorporated into the model but rather is treated as a deterministic negative load, (e.g., as an hourly time series of power outputs over a year) and simply subtracted from utility demand. Therefore, wind is not explicitly competed or dispatched against other energy forms on an equal basis.

The ELFIN model from EDF, which stands for Electric Utility Financial and Production Cost Model, is a probabilistic model which simulates electric-system dispatch in order to calculate expected cost of operation. It has been used most extensively in utility rate hearings before state energy commissions. ELFIN can also be used to choose the optimal expansion plan for a utility based on annual present-value of system costs and benefits. No attempt is made to compare life-cycle costs and benefits. ELFIN's outputs include the generating level of each plant, per week, and year, fixed and variable costs, fuel usage, and emissions. Reliability is measured by loss-of-load probability (LOLP) and is displayed in days per year.

ELFIN is a utility-scale model; therefore, unlike WES, ELFIN is not well suited to regional and national level forecasts. Furthermore, because ELFIN does not calculate life-cycle costs, it is best suited for short-run forecasts rather than the medium and long-run requirements met by WES in NEMS.

The DOE Wind/Hydro/Ocean Division's Model projects the growth of the U.S. electric utility market for wind turbines on a regional basis. Market share to the year 2030 is allocated on the basis of financial attractiveness, market acceptance of the technology, plant types and capacities, coincidence of utility load and wind power curves, wind resource limitations, and limitations on wind penetration into regional power pools. The model is limited compared with the RFM both in comparing renewables technologies to fossil and nuclear competitors, and in incorporating broader market efforts, such as natural gas market price feedbacks.

The model is built around concepts of new product diffusion into the marketplace. It is a spreadsheet-based tool that estimates market capture in competition with conventional fossil fuel-fired generating plants on a regional basis. It expands on previous techniques by incorporating a market acceptance factor based on ratios of levelized costs of energy for conventional plants and wind turbines (benefit cost ratios). Although sensitivities to fuel costs and mixes can be evaluated with this model, unlike WES, nonfinancial policy incentives and political factors cannot be incorporated, so it is of limited usefulness for other purposes such as policy analyses.

Other recent models based on NEMS, particularly the version used in the *Clean Energy Futures* study and variations used in studies by the Union of Concerned Scientists, have significantly modified the application of the regional resource constraint found in NEMS. These modifications have served to either severely reduce or eliminate any cost increases for wind resources in response to development of less-desirable sites as prime locations are utilized.

The CEF model essentially eliminates the resource constraints as such, and uses the model code to represent capital penalties in-lieu of an intermittency bound. This results in substantially reduced penalties, with the maximum being a 60% cost adder, compared to a 200% maximum adder for the AEO2003 NEMS. Similarly, UCS eliminates the long-

term constraint, but also reduces the amount of windy land available in each region to account for some of the land-use constraints modeled by the regional resource constraint factor in NEMS. As with CEF, UCS does not impose an absolute limit on penetration of intermittent technologies, but models additional costs incurred by increased use of back-up generation as grid-penetration increases.

EIA believes that the CEF approach of replacing the regional resource constraints with comparatively slight grid-penetration penalties fails to adequately account for the theoretical and anecdotally observed “supply curve” of wind resource lands. By standard accounting, the U.S. wind market has utilized a very small fraction of theoretically available wind resources, yet has already encountered limits of the sort modeled in NEMS at much higher penetration levels. Examples include significant building in lower-quality resource areas in states where higher-quality resources exist; projects being delayed or denied through community or interest group pressure; and additional investments proposed to upgrade existing transmission facilities to accommodate new wind capacity. The UCS approach does attempt to account for these factors to an extent, but does so in an “all-or-nothing” approach that eliminates resources that, while expensive, could be developed under the right circumstances. The regional cost multiplier approach in NEMS accounts for the theoretical existence of a wind resource “supply curve”, even if the market is currently too poorly developed (relative to ultimate resource base) to empirically develop such a function.

Wind Energy Submodule Structure

Submodule Flow Diagram

A flow diagram showing the main computational steps and relationships of the Wind Energy Submodule is shown in Figure 3.

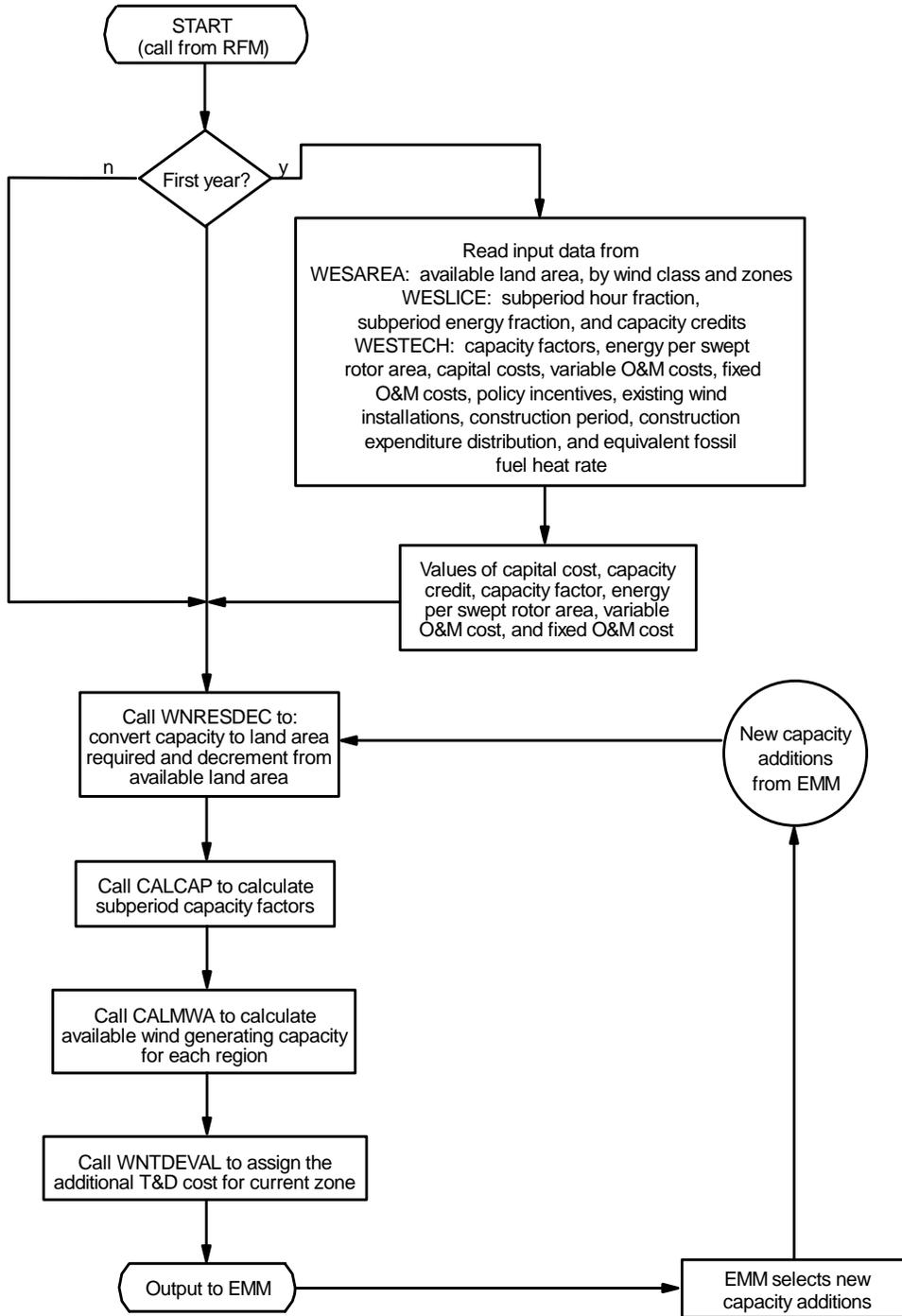
Key Computations and Equations

Some of the input data are at 5-year intervals. For the first year, a linear interpolation on these data is performed to calculate yearly values.

For all years after the first year, subroutine WNRESDEC is called to calculate the land area remaining for wind energy development, based on the previous wind capacity build decision by the EMM. The previous build decision is passed as a capacity unit (MW) which needs to be converted into a land area required for the development of wind site of that size. The conversion method considers the wind class of the available land area that is being offered for wind development. A given wind generation capacity requires less land area associated with a high wind class than with a low wind class. The entire U.S. wind energy supply is subdivided into 13 EMM regions, three wind classes, and three zones (along existing transmission lines).

Subroutine CALCAP calculates subperiod (season, time of day) regional capacity factors. For each year, subroutine CALMWA calculates the remaining available wind generating capacity for each region. Finally, subroutine WNTDEVAL assigns transmission and distribution cost adders for the remaining capacity in each distance zone.

Figure 3. Wind Energy Submodule Flowchart



Subroutine CALMWA is then called to convert the land area available for wind generation development to the swept rotor area needed to fully develop the available land area. The calculation assumes a turbine spacing of $5D \times 10D$, where D is the diameter of the turbine rotor. This swept rotor area is then converted to the amount of wind energy generation capacity available in each region for each year and each wind class.

Appendix 3-A: Inventory of Variables, Data, and Parameters

This Appendix describes the variables, parameter estimates, and data inputs associated with the Wind Energy Submodule. Table 3A-1 provides a tabular listing of model variables and parameters. The table contains columns with information on item definitions, modeling dimensions, data sources, measurement units, and documentation page references.

The remainder of Appendix 3-A consists of detailed descriptions of data inputs and variables, including discussions on supporting data assumptions and transformations.

Table 3A-1. NEMS Wind Energy Submodule Inputs and Outputs

Model Variable	Definition and Dimensions	Source	Units
INPUT DATA			
<i>UPOVR*</i>	Installed capital cost of wind generation.	EIA, expert judgment.	\$/kW
<i>UPFOM*</i>	Fixed O&M cost.	EPRI TAGJ, 1993 and subsequent correspondence.	\$/kW
<i>UPVOM*</i>	Variable O&M cost.	EPRI TAGJ, 1993.	Mills/kWh
<i>CREDIT</i>	Wind capacity credit for EMM region <i>n</i> in year <i>y</i> .	Determined within EMM.	Unitless
<i>EXWIND</i>	Pre-existing total wind electric capacity installed in EMM region <i>n</i> through year <i>y</i> .	EIA, Form 860/867.	MW
<i>UPHTRT</i>	Fossil fuel equivalent heat rate for wind.	EIA, 1992.	Btu/kWh
<i>UPCLYR*</i>	Construction lead time.	EPRI TAGJ, 1993 .	Years
<i>UPCPRO</i>	Fraction of construction completed in each year of construction.	EIA, expert judgment.	Unitless
<i>UPIRGSUB</i>	Policy incentives for EMM region <i>n</i> in year <i>y</i> .	Energy Policy Act of 1992.	Mills/kWh
<i>SLICE</i>	Hour fraction for subperiod <i>l</i> in EMM region <i>n</i> .	WNSLICE preprocessing program (PERI).	Unitless
<i>STAREA</i>	Land area available for wind plant development in EMM region <i>n</i> and wind class <i>w</i> .	Elliot, 1991.	Sq. km
<i>SUBPER</i>	Energy fraction for subperiod <i>l</i> in EMM region <i>n</i> .	WNSLICE preprocessing program (PERI).	Unitless
<i>CFULT</i>	Ultimate capacity factor by class.	EIA, expert judgement.	Unitless
FIXEDX	Initial installed capacity used to determine slope of capacity factor.	EIA, expert judgement.	GW
CFATX	Improvement capacity factor at initial capacity.	EIA, expert judgement.	Unitless
PWRDEN	Power density of a 10x5 diameter turbine array	EIA, expert judgement.	Mw/Km ²

Table 3A-1. NEMS Wind Energy Submodule Inputs and Outputs (Continued)

Model Variable	Definition and Dimensions	Source	Units
<i>AREA</i>	Energy per unit swept rotor area for wind class <i>w</i> in year <i>y</i> .	<i>ENAREA</i> , and interpolation for intermediate years.	KWh/m ²
<i>UADDWNT</i>	Grid-connected wind electric capacity additions in EMM region <i>n</i> in on-line year <i>y</i> .	EMM output variable in UECPOUT COMMON block.	MW
<i>WNTDBFCS</i>	Additional T&D cost for wind technology in EMM region <i>n</i> and buffer zone <i>b</i>	Kintner-Meyer, SAIC, 1995	\$/kW
<i>LDAREA</i>	Land area remaining for wind plant development in EMM region <i>n</i> , in year <i>y</i> , for wind class <i>w</i> , in buffer zone <i>b</i>	Model determined.	Sq. km
CALCULATED VARIABLES			
<i>CF</i>	Annual capacity factor for wind class <i>w</i> in year <i>y</i> .	Model Determined.	Unitless
<i>ENAREA</i>	Energy per swept rotor area for wind class <i>w</i> in year <i>y</i> .	Model determined.	KWh/m ²
<i>LDUSED</i>	Land area needed to supply wind generating capacity in EMM region <i>n</i> in year <i>y</i> , by wind Class <i>w</i> .	Model determined.	Sq. km
<i>SWAREA</i>	Swept rotor area available for wind class <i>w</i> in EMM region <i>n</i> in year <i>y</i> , m ² .	PERI, 1993.	Sq. m
<i>WCAWIEL</i>	Available capacity in EMM region <i>n</i> in year <i>y</i> .	RFM output variable in WRENEW COMMON block.	MW
<i>WSFWIEL</i>	Capacity factor for EMM region <i>n</i> in year <i>y</i> , wind class <i>w</i> , and subperiod <i>l</i> .	RFM output variable in WRENEW COMMON block.	Unitless
<i>WNNTD</i>	Additional T&D cost for wind technology in EMM region <i>n</i> and year <i>y</i>	RFM output variable in WRENEW COMMON block.	\$/kW

*Assigned in EMM input file ECPDAT.

**Intermediate values, linearly interpolated from the source variable.

MODEL INPUT: *UPOVR*

DEFINITION: Installed capital cost of wind generation (\$/kW).

The number stored in ECPDAT is a nth-of-a-kind value for the capital cost. This value is constant.

SOURCE:

EIA, expert judgment following discussions with industry, government, and national laboratory sources.

MODEL INPUT: *CFATX*

DEFINITION: Capacity factor for Class 6 wind sites used to initialize the capacity factor learning function (Unitless)

Historical analysis of wind capacity factors is complicated by the general inability to correlate individual sites with specific, independently determined wind class data. Even if able to locate a turbine on a low-resolution wind resource map, such as is used in NEMS, “micro-siting” issues within a wind farm can have significant effects on turbine performance. This variable is primarily intended to give reasonable starting point for the calculation of future improvements to wind turbine performance, and not necessarily to reflect absolute knowledge about the idealized state of wind turbine performance at a point in the historical record.

SOURCE:

EIA Form 860b, EIA expert judgement.

MODEL INPUT: *CFULT*

DEFINITION: Ultimate achievable annual wind capacity factor for wind class 6 in year *y* (Unitless).

Current wind turbine performance parameters are based on several factors. Discussions with experts from the DOE Wind Power Program and their consultants provided a general indication of recent trends and areas of expected performance increases. Analysis of wind power curves developed for the EPRI/DOE Wind Turbine Verification Program (TVP) provided a firm quantitative characterization of state-of-the-art turbine technology. Finally, analysis of historic trends provided a cross-check to these other sources. At some point, the trade-offs in the economics of increasing rotor size and tower height will balance-out. Improvements are assumed to occur as a result of experience in the design and construction of wind turbines.

SOURCES:

U.S. Department of Energy and Electric Power Research Institute, “TVP Project-at-a-Glance” for Big Spring, Texas Project; Iowa Distributed Generation Project; and Wisconsin Low-Speed Wind Turbine Project.

EIA Form 860b.

Personal communication with Stanley Calvert, U.S. DOE, Wind Program; Richard Price, Technology & Management Services, Inc.; and Joseph Cohen, Princeton Energy Resources Inc.

MODEL INPUT: *CREDIT*

DEFINITION: Wind capacity credit for EMM region *n* in year *y* at 5-year intervals (Unitless).

The Load Capacity Credit (LCC) or capacity value that can be attributed to intermittent generators is a debated issue. The percentage of rated power output for a wind generator that can be considered as firm capacity is dependent on the estimated change the generator effects in a specific utility system's loss-of-load probability (LOLP), generating mix, spinning reserve requirements, and other factors. Values of capacity credit are read into the WES from the WESTECH data file. This file currently assigns a value of zero to the capacity credit for all wind classes and all years. However, a value proportional to the capacity factor in the peak time period is calculated in the Electric Capacity Planning Submodule of the EMM.

MODEL INPUT: *FIXEDX*

DEFINITION: Installed capacity base at which variable CFATX is assumed (GW).

Historical analysis of wind capacity factors is complicated by the general inability to correlate individual sites with specific, independently determined wind class data. Even if able to locate a turbine on a low-resolution wind resource map, such as is used in NEMS, "micro-siting" issues within a wind farm can have significant effects on turbine performance. This variable is primarily intended to give reasonable starting point for the calculation of future improvements to wind turbine performance, and not necessarily to reflect absolute knowledge about the idealized state of wind turbine performance at a point in historical record.

SOURCES:

EIA Form 860a and 860b, EIA expert judgement.

MODEL INPUT: PWRDEN

DEFINITION: Specific power density of an average wind plant(MW/km^2)

Primarily used within the WES to convert available area of windy land to available MW of wind resource, and to decrement the available land area based on model builds. Although power efficiency varies somewhat from turbine model to turbine model, this factor is mostly a function of inter-turbine spacing within the turbine array. Recent U.S. installations are generally placed on ridgelines, and tend to have a linear arrangement with relatively tight lateral turbine spacing. However, the factor used here must consider more extensive exploitation of wind resources where the turbines would be placed in more rectangular arrays. The current assumption of $6.5 \text{ MW}/\text{km}^2$ is consistent with spacing estimates from the PNL assessment of windy land used to provide the WES wind resource and the performance estimates from U.S. DOE and EPRI.

SOURCES: U.S. DOE and Electric Power Research Institute. *Renewable Energy Technology Characterizations*. <http://www.eere.energy.gov/power/techchar.html>

Elliott, D.L. et al. *An Assessment of the Available Windy Land Area and Wind Energy Potential in the Contiguous United States*. August 1991. Pacific Northwest Laboratory. PNL-7789.

MODEL INPUT: UPHTRT

DEFINITION: Fossil fuel equivalent heat rate for wind (Btu/kWh).

An equivalent fossil fuel displacement value of 10,280 Btu/kWh has been assigned, based on EIA data for 1995.

SOURCE:

Energy Information Administration, *Annual Energy Review 1994*, DOE/EIA-0384(93), July 1995.

MODEL INPUT: UPCLYR

DEFINITION: Construction lead-time (Years).

The construction period for a wind generating station is currently set at 3.

SOURCE:

Electric Power Research Institute, *TAGJ C Technical Assessment Guide*, 1993.

MODEL INPUT: UPFOM

DEFINITION: Fixed O&M costs (\$/kW).

Fixed O&M costs are currently set in at \$21.12/kW (1987 dollars) for all years and all regions, based on the 1993 TAGJ and subsequent correspondence.

SOURCE:

Electric Power Research Institute, *TAGJC Technical Assessment Guide*, 1993 and subsequent correspondence.

MODEL INPUT: UPVOM

DEFINITION: Variable O&M costs for EMM region *n* in year *y* at 5-year intervals (mills/kWh).

The variable O&M costs are currently set at zero for all years and all regions based on the 1993 TAGJ.

SOURCE:

Electric Power Research Institute, *TAGJC Technical Assessment Guide*, 1993.

MODEL INPUT: *UPCPRO*

DEFINITION: Fraction of construction completed in each year of construction (Unitless).

The construction period for a wind generating station is currently set at 3 years. The construction fraction is set at 10, 45, and 45 percent, respectively.

SOURCE:

EIA, expert judgment following discussions with industry, government, and national laboratory sources.

MODEL INPUT: *UPIRGSUB*

DEFINITION: Policy incentives for wind generation (mills/kWh).

Any production incentives or other adjustments to the cost of wind energy are accounted for in the POLICY variable. Currently, a value of 15 mills per kilowatt hour for the years 1994 through 2001 and zero for all other years is assigned for all regions. This is based on the renewable energy policy incentive provision of the Energy Policy Act of 1992 as extended in 1999.

SOURCE:

Energy Policy Act of 1992 (Public Law 102-486), Section 1212, and extended as provided in section 507 of the Tax Relief Extension Act of 1999.

MODEL INPUT: *SLICE*

DEFINITION: Hour fraction for subperiod *l* in EMM region *n* (Unitless).

Data for 20 subperiods of the year are provided. The EMM maps the data for these 20 subperiods into nine subperiods used in the EMM and other NEMS modules. SLICE uses established NEMS subperiod definitions, daily and seasonal wind resource data, and a synthetic wind turbine power curve to estimate the fraction of the annual wind energy production that falls within the various subperiods

SOURCE:

Princeton Economic Research Incorporated (PERI), WNDSLICE preprocessor program, Bertrand L. Johnson.

MODEL INPUT: STAREA

DEFINITION: Land area available for wind plant development in EMM region n and wind class w (sq. km).

SOURCES:

Elliott, D.L., et al, "An Assessment of the Available Windy Land Area and Wind Energy Potential in the Contiguous United States," Pacific Northwest Laboratory; Report #PNL-7789, August 1991.

Elliott, D.L., et al, "Wind Energy Resource Atlas" (12 volumes), Pacific Northwest Laboratory, Report PNL-3195; 1980.

MODEL INPUT: UADDWNT

DEFINITION: Total grid-connected wind electric capacity additions in EMM region n in on-line year y (MW).

SOURCE:

EMM output variable in UECPOUT COMMON block.

MODEL INPUT: LDAREA

DEFINITION: Available windy land area in EMM region n , in year y , of wind class w , in zone b (km²).

The U.S. windy land area supply has been disaggregated into three buffer zones representing varying proximities to existing transmission lines. The three buffer zones are defined as: Buffer zone 1: 0-5 miles, Buffer zone 2: 5-10 miles, Buffer zone 3: 10-20 miles to an existing power line. The land area disaggregation is based on a geographic information system analysis using geographic locations of transmission lines and the PNL gridded wind resource data. The transmission lines considered included voltage ratings between 115 kV and 230 kV which are generally used for plants with a capacity less than 500 MW.

SOURCE:

Science Applications International Corporation, A Geographic Information System Analysis, Report for EIA, Office of Integrated Analysis and Forecasting. May, 1995.

MODEL INPUT: WNTDBFCS

DEFINITION: Additional T&D cost for wind development averaged for sites in buffer zone b and EMM region n (\$/kW).

The additional T&D cost for wind developments capture the expenditures unique for remote wind sites and, therefore, not included in the overall T&D cost estimating function applied to all technologies in EMM. The wind specific T&D costs represent the cost for construction of new transmission lines connecting a wind development with the closest point of the electric grid. The cost estimates include: (1) cost for land or easement, (2) material cost for conductors, (3) construction cost, and (4) cost for environmental analysis of project. Data for the above cost components are compiled from EIA publications using Bonneville Power Administration transmission cost estimating procedures.

The wind specific costs are determined for each EMM region and buffer zone. An important parameter for the cost estimates is the distance from a potential wind site to the grid. The average distance of each buffer zone was used as the representative length of the new transmission line. It is determined as the distance of the midpoint of each buffer zone to the grid.

SOURCES:

Science Applications International Corporation, "Geographic Information System Analysis," Report for EIA, Office of Integrated Analysis and Forecasting. May, 1995.

Energy Information Administration, Washington, D.C., September 1994. "Electric Trade in the United States 1992." Table 42: Transmission Lines Added by Investor-Owned Utilities, 1992. DOE/EIA 0531 (92).

Bonneville Power Administration. "Transmission Line Estimating Data." Internal Memorandum. BPA F 1325.01.e, December 3, 1993.

Appendix 3-B: Mathematical Description

This Appendix provides the detailed mathematical specification of the Wind Energy Submodule as presented in the RFM FORTRAN code execution sequence. Subscript definitions are also as they appear in the FORTRAN code.

Subroutine WNRESDEC

Equation 3B-1 calculates the land area (in sq. km) needed to supply the wind generating capacity called for by the EMM for each EMM region and current year:

$$LDUSED_{n,y} = \frac{UADDWNT_{n,y+Lead} * CF_{y,w} * 8760 * \alpha_{sp}}{AREAsub_{y,w} * \frac{\pi}{4}}$$

where:

$LDUSED_{n,y}$ = Land area used to supply EMM-called for wind generating capacity in EMM region n in decision year y , km²,

$UADDWNT_{n,y}$ = Grid-connected wind electric capacity additions in EMM region n decision year $y+Lead$, (MW), where

$LEAD$ = Construction lead time, in years (decision year + lead time = on-line year),

$Cf_{y,w}$ = Annual capacity factor for wind class w in year y ,

$AREAsub_{y,w}$ = Energy per unit swept rotor area for wind class w in decision year y , kwh/m²,

π = 3.141593,

α_{sp} = Scalar derived from 5D x 10D grid spacing of wind generator ($\alpha_{sp} = 50$).

Equations 3B-2 subtracts the land area needed to supply the wind generating capacity called for by the EMM from the available land area.

$$LDAREA_{n,y,wc,bc} = LDAREA_{n,y-1,wc,bc} - LDUSED_{n,y}$$

where:

$LDAREA_{n,y,wc,bc}$ = land area available for wind development in EMM region n , in year y , in currently offered wind class wc and buffer zone bc , (km²).

Subroutine CALCAP

Equation 3B-3 calculates the time-dependent capacity factor for the currently offered wind class, EMM region, year and subperiod:

$$WSFWIEL_{n,y,w=1,l} = \left[\frac{SUBPER_{n,l}}{SLICE_{n,l}} \right] * CF_{y,wc}$$

where:

$WSFWIEL_{n,y,w=1,l}$ = Capacity factor for wind class w in EMM region n in year y in subperiod l . Although defined for three wind classes only $w=1$ is used. EMM reads only $WSFWIEL_{n,y,w=1,l}$

$SUBPER_{n,l}$ = Energy fraction for subperiod l in EMM region n ,

$SLICE_{n,l}$ = Hour fraction for subperiod l in EMM region n ,

$CF_{y,wc}$ = Annual capacity factor for currently offered wind class wc in year y .

Subroutine CALMWA

Equation 3B-4 computes the total swept area by turbines for a particular wind class, EMM region and year:

$$SWAREA_{n,y,wc} = \frac{\frac{\pi}{4} * LDAREA_{n,y,wc,bc} * 10^6}{\alpha_{sp}}$$

where:

$SWAREA_{n,y,wc}$ = Swept rotor area available for currently offered wind class wc in EMM region n in year y , (m²),

$LDAREA_{n,y,wc,bc}$ = land area available for wind development in EMM region n , in year y , in currently offered wind class wc and buffer zone bc , (km²),

α_{sp} = Scalar derived from 5D x 10D grid spacing of wind generator ($\alpha_{sp} = 50$).

Equation 3B-5 computes the available wind electric generation capacity in megawatts by wind class, EMM region and year:

$$WCAWIEL_{n,y} = \frac{AREA_{y,wc} * SWAREA_{n,y,wc}}{CF_{y,wc} * 10^3 * 8760}$$

where:

$WCAWIEL_{n,y}$ = Available capacity in EMM region n in year y , MW.

Subroutine WNDECR

Subroutine WNDECR decrements the wind resources that are subdivided by wind classes and buffer zones according to the following scheme:

<u>Wind Class</u>	<u>Buffer Zone</u>
1	1 → 2 → 3 then
2	1 → 2 → 3 then
3	1 → 2 → 3.

Where wind class 1 is the highest quality resource and wind sites in buffer zone 1 are the closest to the grid incurring the least cost for new transmission construction.

The wind resource depletion scheme reflects an economic ranking based on levelized cost of the wind technology. In general, the cost benefits due to the higher quality resource offsets the increased cost for new transmission construction to farther distant sites. Therefore, the wind resource in the “best” wind class is depleted across all buffer zones before resources of the next lower quality are used.

Subroutine WNTDEVAL

Equation 3B-6 assigns the wind specific T&D cost associated with wind resources of the buffer zone currently being offered

$$WWNTD_{n,y} = WNTDBFCS_{n,bc}$$

where:

$WWNTD_{n,y}$ = Wind specific T&D cost in EMM region n in year y , (\$/kW),

$WNTDBFCS_{n,bc}$ = Wind specific T&D cost in EMM region n in currently offered buffer zone bc , (\$/kW).

Appendix 3-C: Bibliography

Bonneville Power Administration. "Transmission Line Estimating Data." Internal Memorandum. BPA F 1325.01.e, December 3, 1993.

Cohen, J.M., Schweizer, T.C., Hock, S.M., and Cadogan, J.B., "A Methodology for Computing Wind Turbine Cost of Electricity Using Utility Economic Assumptions," Proceedings of Windpower '89, American Wind Energy Association, September 1989.

Elliott, D.L., et al, "An Assessment of the Available Windy Land Area and Wind Energy Potential in the Contiguous United States," Pacific Northwest Laboratory, Report PNL-7789, August 1991.

Elliott, D.L., et al., "Wind Energy Resource Atlas of the United States," (1 volume), Report DOE/CH 10093-4, October 1986.

Elliott, D.L., et al., "Wind Energy Resource Atlas," (12 volumes), Pacific Northwest Laboratory, Report PNL-3195, 1980.

Electric Power Research Institute, *Technical Assessment Guide (TAGJ)*, 1993.

Energy Information Administration, Washington, D.C., September 1994. "Electric Trade in the United States 1992." Table 42: Transmission Lines Added by Investor-Owned Utilities, 1992. DOE/EIA 0531 (92).

Energy Information Administration, Washington, D.C., EIA 860, Annual Electric Generator Report, 1995.

Energy Information Administration, Washington, D.C., EIA 867, Annual Nonutility Power Producer Report, 1995.

Energy Information Administration, *Annual Energy Review 1994*, DOE/EIA-0384(94), 1995.

Energy Information Administration, "Component Design Report for Solar and Wind Submodules Renewable Fuels Module National Energy Modeling System," Draft, April 23, 1993.

Garver, L.L., "Effective Load Carrying Capability of Generating Units," IEEE Transactions on Power Apparatus and Systems, August 1966.

Hock, S.M., Thresher, R.W., and Cohen, J.M.; "Performance and Cost Projections for Advanced Wind Turbines," *Proceedings of ASME Winter Annual Meeting*, Dallas, TX, November 1990.

Princeton Economic Research, Incorporated, *Data Development Report for Wind Electric Submodule Renewable Fuels Module National Energy Modeling System*, February 24, 1993.

Princeton Economic Research, Incorporated, *Software Overview Report for Wind Electric Submodule Renewable Fuels Module National Energy Modeling System*, March 29, 1993.

Science Applications International Corporation, "Renewable Energy Technology Characterizations," Report in support of the National Energy Strategy for the U.S. Department of Energy, Office of Conservation and Renewable Energy, October 1990.

Science Applications International Corporation, "Renewable Energy Technology Evolution Rationales," Report in support of the National Energy Strategy for the U.S. Department of Energy, Office of Conservation and Renewable Energy, October 1990.

Science Applications International Corporation, "Geographic Information System Analysis," Report for EIA, Office of Integrated Analysis and Forecasting. May, 1995.

Schweizer, T. and Cohen, J., "A Technique for Estimating Project Risk: Beyond Traditional Sensitivity Analyses," Science Applications International Corporation, *Proceedings of the Windpower '88 Conference*, September 18-22, 1988.

Appendix 3-D: Model Abstract

Model Name:

Wind Energy Submodule

Model Acronym:

WES

Description:

Resource quality data and the yearly capacity factor are used to calculate wind farm performance data on a sub-yearly level, as required by the EMM. Calculations are made for each time slice, wind class, and region.

Purpose of the Model:

The purpose of the Wind Energy Submodule (WES) is to project the cost, performance, and availability of wind-generated electricity, and provide this information to the Electricity Capacity Planning (ECP) component of the Electric Market Module (EMM) for building the new capacity in competition with other sources of electricity generation.

Most Recent Model Update:

August 2001.

Part of Another Model?:

The Wind Energy Submodule is a component of the Renewable Fuels Module (RFM) of the National Energy Modeling System (NEMS).

Official Model Representative:

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Documentation: NEMS Documentation Report: *Renewable Fuels Module of the National Energy Modeling System*, January 2002.

Archive Media and Installation Manual(s):

Archived as part of the NEMS production runs.

Energy System Described:

A hybrid of various existing and proposed horizontal-axis wind turbines. Horizontal-axis wind turbines represent nearly 100 percent of U.S. wind-powered generating capacity.

Coverage:

- Geographic: 13 EMM regions: East Central, Texas, Mid-Atlantic, Mid-America, Mid Continent, Northeast, New England, Florida, Southeastern, Southwest, Western, Rocky Mountain, California and South Nevada.
- Time/Unit Frequency: Annual, 1990 through 2020
- Products: Electricity
- Economic Sectors: Electric utility sector, nonutility generators (NUGS)
- Model Structure: Sequential calculation of available wind capacity by EMM region, wind class and year with a deduction of that year's installed capacity from the remaining available capacity
- Modeling Techniques: Accounting function of available windy land area and conversion of land area to swept rotor area and then to available generation capacity
- Special Features: Accounting for policy and/or production incentives.

Modeling Features:

DOE Input Sources:

Energy Information Administration, *Annual Energy Review 1991*, DOE/EIA-0384(91), June 1992.

EIA Form 860b

Pacific Northwest Laboratory, Reports PNL-7789, DOE/CH 10093-4, and PNL-3195.

U.S. Department of Energy and Electric Power Research Institute, "TVP Project-at-a-Glance" for Big Spring, Texas Project; Iowa Distributed Generation Project; and Wisconsin Low-Speed Wind Turbine Project.

Non-DOE Input Sources:

Princeton Economic Research, Incorporated (PERI) C WNDLICENSE preprocessing program.

Electric Power Research Institute and U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, *Renewable Energy Technology Characterizations* (EPRI TR-109496, December 1997)

Computing Environment:

- Hardware Used: IBM RS6000
- Operating System: UNIX
- Language/Software Used: VS FORTRAN, Ver. 2.05

Independent Expert Reviews Conducted:

None.

Status of Evaluation Efforts by Sponsor:

None.

Appendix 3-E: Data Quality and Estimation Processes

This Appendix discusses (1) the quality of the principal sources of input data used in the Wind Energy Submodule, along with a discussion of user-defined parameters and guidelines used to select them, and (2) estimation methods used to derive parameters.

Wind resources of the United States have been extensively charted and classified by the Pacific Northwest Laboratory (PNL). Three classes of wind resources, based on average annual wind speeds, are generally used. These classes correspond to PNL Class 4 winds and higher, (speeds greater than 5.6 m/s (12.4 mph)) which represent the generally-accepted, lowest economic limit of wind speeds for grid-connected systems in the United States.

Data on wind resource quantity are maintained in the *Wind Resource Quantity File* as derived from published assessments or compilations of U.S. wind resources. It contains regional data on the land area (in square kilometers) estimated to be available for wind plant development, accounting for the exclusion of some land as a result of environmental and land-use considerations. WES uses the PNL “moderate” exclusion scenario. The percent of total windy land unavailable under this scenario consists of all environmentally protected lands (such as parks and wilderness areas), all urban lands, all wetlands, 50 percent of forest lands, 30 percent of agricultural lands, and 10 percent of range and barren lands. Within each region, the available land area is provided for each of the three levels of wind resource, according to the estimated average annual wind speed in that region and other factors. Lastly, since wind power increases significantly with height, a minimum height is usually specified for measurement and installation purposes, to achieve an associated wind power density.

The *Wind Resource Quality File* describes the variations in wind resource on a daily and seasonal basis, and estimates wind output during the different load condition subperiods to analyze the correlation with load profiles. The file is highly dependent on the raw wind speed file components chosen and incorporates data for many of the 975 stations in the Wind Energy Resource Information System (WERIS) from the National Climatic Data Center. The file also contains information on Load Duration Curve (LDC) subperiod definitions outside of the WES and the subperiod energy percentages. From this, WES estimates a capacity factor for a given subperiod. The specific subperiods correspond to season and time of day.

Data on *The Cost And Performance Of Installed Wind Turbines* extends to the mid 1980's, and includes several periods of rapid industry expansion, most recently in 1999 and 2001. Cost data, based on published financial information of public and regulated utilities, project announcements in the trade press, and academic studies of the industry, provides a consistent and constantly updated basis for NEMS cost assumptions. Wind turbine capacity factor and wind energy outputs are based on standard modeling of four recently installed turbines with actual operating data. These turbines, ranging from 600 to 1650 kW, were initially studied as part of the Department of Energy and EPRI Turbine Verification Program, and data conforms to international collection and quality standards. Modeled wind speed parameters are based on a Rayleigh distribution about the median

speed in each of the three key wind power classes of the WES (Classes 4, 5, and 6). Model results from three hub heights, 50, 65, and 100 meter, were analyzed to project reasonable technology improvements based on increasing tower sizes. A 0.14 “wind shear factor” is used to scale 10 meter nominal wind speeds to the respective hub heights. Field energy losses of 12% are also assumed, based on TVP results.

Estimates are regularly compared with independent estimates, including national laboratory, industry, and other estimates. Updates occur as field and other documented evidence – including test results – indicate changes in costs or performance.

4. Solar Submodule

Model Purpose

The solar submodule SOLAR estimates supply characteristics for grid-connected central station photovoltaic (PV) and solar thermal (ST) electricity generating power plants. SOLAR does not characterize distributed or off-grid solar technologies. PV and ST cost and performance characteristics which are defined consistent with fossil and other generating technology characteristics reside in ECPDAT. ECPDAT is a data file resident in the Electricity Capacity Planning Submodule of the EMM. Performance characteristics unique to these technologies (such as season and region-dependent capacity factors), however, are passed to the EMM via the solar submodule SOLAR.

Both common and uniquely defined characteristics are described below. The three characteristics unique to renewables and therefore to SOLAR are:

1. PV and ST capacity factors: Because solar radiation varies, capacity factors for solar technologies are assumed to vary by time of day, by season, and by region. Factors are provided for all regions for PV. Capacity factors for solar thermal are only provided for the six regions west of the Mississippi River. These regions are the only ones with sufficient direct normal insolation for cost effective solar thermal installations.
2. Selected Supplemental Capacity Additions (“floors” or “solar lower bounds”): Recognizing that some new solar generating capacity is installed for reasons other than represented in the EMM, such as for market testing or unique economic requirements, EIA includes estimates of minimal new grid-connected generating capacity using solar resources.

Relationship of the Solar Submodule to Other Models

SOLAR assigns performance data to global variables to be used by the EMM. SOLAR does not interact with other submodules of the RFM or NEMS.

Modeling Rationale

Theoretical Approach

Solar energy supplies are fundamentally different from those for most other renewable sources. It is appropriate to model other renewables such as wind, geothermal, and biomass, which consist of limited quantities of high-quality resources, with supply functions which are upward sloping with increasing quantities demanded. In contrast, the solar resource within each EMM region for both kinds of solar technologies (ST and PV) is relatively constant for supply quantities and well in excess of conceivable demand. As a result, the supply for solar is assumed to be perfectly elastic at any moment. NEMS does not increase the cost of the resources with increasing quantities supplied, because high quality resource sites are not exhausted.

Since the two solar electric technologies generate electricity in fundamentally different ways, the nature of the solar resource for each technology is significantly different. The most important difference is the nature of the solar radiation (insolation) that each technology uses. ST technology can utilize only direct normal insolation while PV can utilize both direct and diffuse insolation. Direct normal insolation is defined as sunlight arriving at a location in a path directly from the sun onto a surface without being scattered or reflected. Diffuse insolation is sunlight that has been scattered by clouds, fog, haze, dust, or other substances in the atmosphere and arrives at a location indirectly. The sum of direct normal and diffuse insolation is also referred to as global insolation.

A single type of each of the ST and PV technologies is used for all regions. Accordingly, capital and O&M costs and the efficiency in converting sunlight into electric energy are held constant across regions. Differences in regional resources are captured through the capacity factor variable that represents the solar energy input to the technology.

The default solar thermal electric technology is a 100 MW solar-only central receiver (power tower) with 6-hour molten salt thermal storage. The resource data incorporate climatological data on the frequency and duration of cloud cover. The resource availability or energy output data for central receiver solar thermal consist of both daytime and evening values for the four seasons for a total of nine values. Since a sequence of overcast days can exceed the storage capacity of the system, a derating factor is included to reflect this intermittent availability.

The default PV technology is a 5 megawatt fixed flat-plate crystalline silicon single-axis tracking array tilted at an angle equal to the site's latitude (based on the now defunct Carissa Plains Plant).

Fundamental Assumptions

The regional classification plan is the same for both ST and PV. As an input to EMM, SOLAR operates on the same 13 regions. These correspond to the nine EMM regions with New York separated from New England; Florida separated from the rest of the Southeast; and the West separated into three regions consisting of California and Southern Nevada (CNV), the Northwest Power Pool Area (NWP), and the combination of the Rocky Mountain and Arizona-New Mexico Power Areas (RA). Each region has its own resource data for both ST and PV, where applicable.

Short-Term Cost Adjustment Factors

Both PV and ST technologies are subject to short-term capital cost adjustment factors, wherein large annual increases in capacity are assumed to be raise costs because of supply bottlenecks (see page 5 and following pages). For both PV and ST technologies, total U.S. grid-connected generating capacity can increase 50 percent each year without any capital cost increase; additional capacity incurs a 1 percent increase in capital cost for every 1 percent additional capacity beyond 50 percent.

Alternative Approaches

Solar technologies have not often been incorporated in national-level energy models. Three exceptions are the Integrated Planning Model (IPM) from ICF Resources, FOSSIL2 from Applied Energy Services (AES) which was utilized by DOE in the 1991 National Energy Strategy (NES), and the MARKAL Model from Brookhaven National Laboratory.

The IPM is the electricity model within the Electric and Gas Utility Modeling System (EGUMS) which was developed under a joint effort of ICF Resources and RCG/Hagler, Bailly, Inc. It can also be run in a stand-alone mode. EGUMS was also used by EPA for the analysis of greenhouse gas emission policies. Like the NEMS-EMM capacity planning submodule, IPM is a linear program that derates the capacity of a technology by multiplying its rated capacity by its availability factor. IPM uses a regionalization scheme, similar to EMM, based on 11 EMM regions and subregions. IPM credits the intermittent resources on an hourly basis before creating a load duration curve and solving for an inter-temporal optimum. However, IPM does not try to incorporate the effect of experience or learning on the cost of the technology, a notable limitation.

FOSSIL2's fundamentally different structure uses system dynamics with logit functions adapted from consumer choice methodologies. As a system dynamics model, FOSSIL2 uses difference equations to simulate the evolution of a system by taking steps (four per year) through time rather than an optimization approach. The model compares the marginal costs of new technologies and chooses the least cost option according to a logit function that prevents knife-edge solutions. This adjustment is particularly important because FOSSIL2 treats the entire nation as a single region.

In modeling renewables, FOSSIL2 does distinguish between off-grid and centralized electricity generation and between utility and nonutility generators (NUGS). However, in treating intermittent resources, FOSSIL2 has difficulty because it implicitly assumes that intermittent and dispatchable technologies are supplying identical services. Intermittents are treated the same as conventional baseload technologies which gives intermittents a capacity credit equal to their rated capacity and overstates their contribution. On the other hand, FOSSIL2 does not capture the correlation of solar with load which increases its energy value. A later version of FOSSIL2, named IDEAS, does capture this correlation by giving it

more output during peak periods. This is accomplished by forcing an appropriate percentage of the intermittent resource's output into the peak portion of the load duration curve.

As discussed earlier, an important capability when modeling renewables is how new technology penetration is treated. FOSSIL2 applies a premium to the discount rate when calculating marginal cost. While the premium diminishes with cumulative production to reflect increased penetration, FOSSIL2 does not embody the notion of "learning-by-doing" and industry acceptance of new technologies.

The third modeling system for solar-based electricity generation is the MARKAL model, developed, in part, at Brookhaven National Laboratory with the support of 17 nations and two international agencies. MARKAL is a multi-period, linear-programming model that performs energy systems optimization and addresses all aspects of the energy system. Its primary objective is to assess the attractiveness of existing and new energy technologies and resources in satisfying future demand. Within the energy network, the model user has total control over the level of technology detail. However, MARKAL cannot easily or transparently incorporate non-price-based consumer choices or new technology penetration.

Solar Submodule Structure

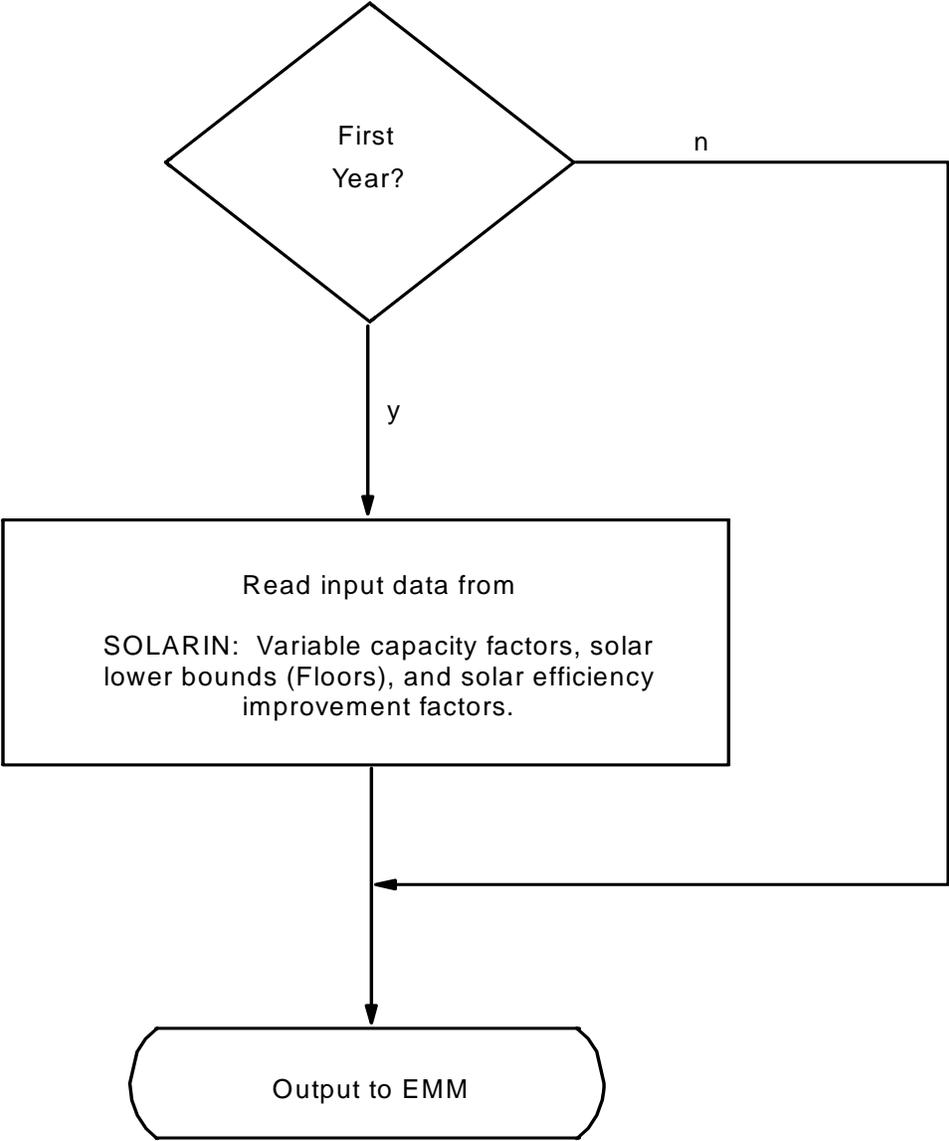
Submodule Flow Diagram

A flow diagram showing the main computational steps and relationships of the Solar Submodule is shown in Figure 4.

Key Computations and Equations

SOLAR passes data directly, without any computations, through assignments to the appropriate COMMON variables. These are the utility generating capacities and subperiod capacity factors for each technology.

Figure 4. Solar Energy Submodule Flowchart



Appendix 4-A: Inventory of Variables, Data, and Parameters

This Appendix describes the variables, data inputs, and parameter estimates associated with the cost/performance characteristics of the two solar technologies. PV and ST cost and performance characteristics which are defined consistent with fossil and other generating technology characteristics reside in ECPDAT. Performance characteristics unique to these technologies (such as season and region-dependent capacity factors), however, are passed to the EMM via the solar submodule SOLAR.

Table 4A-1 provides a tabular listing of model variables and parameters. The table contains columns with information on item definitions, modeling dimensions, data sources, measurement units, and documentation page references.

The remainder of Appendix 4-A consists of detailed descriptions of data inputs and variables, including discussions on supporting data assumptions and transformations.

Table 4A-1. NEMS Solar Model Inputs and Outputs

Model Variable	Definition and Dimensions	Source	Units
INPUT DATA			
<i>WCAPVEL</i>	Capacity constraints for photovoltaic technology in EMM region <i>n</i> in year <i>y</i> .	EIA Estimates.	MW
<i>WCASTEL</i>	Capacity constraints for solar thermal technology in EMM region <i>n</i> in year <i>y</i>	EIA Estimates.	MW
<i>UPOVR (21)*</i>	Capital cost of photovoltaic technology.	EIA.	\$/kW
<i>UPOVR (19)*</i>	Capital cost of solar thermal technology.	Sandia National Laboratory.	\$/kW
<i>UPICCF*</i>	Investment policy incentive as a fraction of capital cost.	Energy Policy Act, 1992.	Percent
<i>UPIRGSUB*</i>	Production policy incentive.	Energy Policy Act, 1992.	mills/kWh
<i>UPVOM (21)*</i>	Variable O&M cost for photovoltaic technology.	EPRI TAG, 1993.	mills/kWh
<i>UPVOM (19)*</i>	Variable O&M cost for solar thermal technology.	CEC, 1993.	mills/kWh
<i>UPFOM (21)*</i>	Fixed O&M cost for photovoltaic technology.	EPRI TAG, 1993.	mills/kW
<i>UPFOM (19)*</i>	Fixed O&M cost for solar thermal technology.	Sandia National Laboratory.	mills/kW
<i>WSSPVEL</i>	Prototype photovoltaic system capacity factor for EMM region <i>n</i> in time period <i>p</i> in year <i>y</i> .	NREL, 1995.	Percent

Table 4A-1. NEMS Solar Model Inputs and Outputs (Continued)

Model Variable	Definition and Dimensions	Source	Units
<i>WSSSTEL</i>	Prototype solar thermal system capacity factor for EMM region <i>n</i> in time period <i>p</i> in year <i>y</i> .	CEC, 1993.	Unitless
<i>UPCLYR*</i>	Construction period.	CEC, 1993.	Years
<i>UPCPRO*</i>	Completion fraction.	CEC, 1993.	Percent
<i>EFFMULPV</i>	Efficiency multiplier for photovoltaic technology	EIA, expert judgment	—
<i>EFFMULST</i>	Efficiency multiplier for solar thermal technology	EIA, expert judgment	—

*Assigned in EMM input file ECPDAT.

MODEL INPUT: *WCAPVEL*

DEFINITION: Constraint for PV capacity resource in EMM region *n*; and year *y* (MW).

The variable is currently used to represent estimated minimum (Floor) capacity plans in the EMM. EIA uses off-line estimates to assign regional capacities that represent installations for experimental reasons or for commercial testing.

SOURCE:

EIA, expert judgment following discussions with industry, government, and national laboratory sources.

MODEL INPUT: *WCASTEL*

DEFINITION: Constraint for solar thermal capacity resource in EMM region *n*; and year *y* (MW).

The variable is currently used to represent estimated minimum (Floor) capacity plans in the EMM. EIA uses off-line estimates to assign regional capacities that represent future installations of other ST technologies (such as dish Stirling and trough), and installations for experimental reasons or for commercial testing.

SOURCE:

EIA, expert judgment following discussions with industry, government, and national laboratory sources.

MODEL INPUT: *UPOVR (21)*

DEFINITION: Capital cost (nth-of-a-kind) for PV technology in EMM region *n* and year *y* (\$/kW).

SOURCE:

Electric Power Research Institute, "Technical Assessment Guide 1993 (TAG)," 1993.

MODEL INPUT: *UPOVR (19)*

DEFINITION: Capital cost (nth-of-a-kind) for solar thermal technology in EMM region *n* and year *y* (\$/kW).

SOURCE:

Derived from Sandia National Laboratory, "Technology Characterization," Draft, July 2, 1997.

MODEL INPUT: *UPICCF*

DEFINITION: Investment policy incentive for technology *t* and year *y* (\$/kW).

This is currently set at 10 percent of the capital cost, based on a 10 percent investment tax credit.

SOURCE:

Energy Policy Act of 1992 (P.L.102-486), Title 19, Section 1916.

MODEL INPUT: *UPIRGSUB*

DEFINITION: Production policy incentive for technology *t* and year *y* (\$/kWh).

This subsidy is not applied to taxpaying solar technologies. Applications of section 1212, offering the subsidy to publicly owned facilities are not represented, both because most facilities are expected to be from taxpaying entities and because the section 1212 subsidy is dependent upon uncertain annual Federal appropriations.

SOURCE: Energy Policy Act of 1992, Public Law 102-486, Section 1914.

MODEL INPUT: *UPVOM (21)*

DEFINITION: Variable O&M costs in EMM region *n* and year *y*

The variable O&M costs for the PV technology are set to zero for all EMM regions and all years.

SOURCE:

Derived by EIA, Office of Integrated Analysis and Forecasting, from Electric Power Research Institute, "Technical Assessment Guide 1993 (TAG)", 1993.

MODEL INPUT: *UPVOM (19)*

DEFINITION: Variable O&M costs in EMM region *n* and year *y*

The variable O&M costs for the ST technology are set to zero for all EMM regions and all years.

SOURCE:

The California Energy Commission, Memorandum, "Technology Characterization for ER94," August 6, 1993.

MODEL INPUT: *UPFOM (21)*

DEFINITION: Fixed O&M cost for photovoltaic technology in EMM region *n* and year *y* (\$/kW).

SOURCE:

Derived by EIA, Office of Integrated Analysis and Forecasting, from Electric Power Research Institute, "Technical Assessment Guide 1993 (TAG)," 1993.

MODEL INPUT: *UPFOM (19)*

DEFINITION: Fixed O&M cost for solar thermal technology in EMM region *n* and year *y* (\$/kW).

SOURCE:

Derived from Sandia National Laboratory, "Technology Characterization," Draft, July 2, 1997.

MODEL INPUT: *WSSPVEL*

DEFINITION: Time segment system capacity factor for PV in EMM region *n* in time period *p* in year *y* (Percent).

SOURCE:

National Renewable Energy Laboratory. Memorandum facsimile transmission, August 23, 1995, Christy Herig to Thomas Petersik.

MODEL INPUT: *WSSSTEL*

DEFINITION: Time segment capacity factor for solar thermal system in EMM region n in time period p in year y (Unitless).

Solar thermal capacity factors, by region and time segment, are derived by EIA from factors provided by NREL; all NREL capacity factors are adjusted by a constant (0.8427) which yields an average annual capacity factor for California (EMM region 13) matching the California Energy Commission (CEC) average for that region.

SOURCES:

National Renewable Energy Laboratory, based on total solar radiation data from the National Solar Radiation Database.

The California Energy Commission, Memorandum, "Technology Characterization for ER94," August 6, 1993.

MODEL INPUT: *UPCLYR*

DEFINITION: Construction period of technology t , years, (Solar Thermal: $t=7$; PV: $t=8$).

SOURCES:

For ST: The California Energy Commission, Memorandum, "Technology Characterization for ER94," August 6, 1993.

For PV: Electric Power Research Institute, "Technical Assessment Guide 1993 (TAG)," 1993.

MODEL INPUT: *UPCPRO*

DEFINITION: Fraction of construction of technology t completed in year y (Percent). (Solar Thermal: $t=7$; PV: $t=8$).

SOURCES:

For ST: The California Energy Commission, Memorandum, "Technology Characterization for ER94," August 6, 1993.

For PV: Electric Power Research Institute, "Technical Assessment Guide 1993 (TAG)," 1993.

MODEL INPUT: *EFFMULPV*

DEFINITION: Efficiency multiplier applied to the time segment capacity factors for PV.

The efficiency multiplier for values > 1.0 allows modeling system improvements that increase the capacity factor.

SOURCE:

EIA, expert judgment following discussions with industry, government, and national laboratory sources.

MODEL INPUT: *EFFMULST*

DEFINITION: Efficiency multiplier applied to the time segment capacity factors for solar thermal technology.

The efficiency multiplier for values > 1.0 allows modeling system improvements that increase the capacity factor by utilizing lower energy solar insolation (set to zero for solar thermal).

SOURCE:

EIA, expert judgment following discussions with industry, government, and national laboratory sources.

Appendix 4-B: Mathematical Description

The SOLAR submodule does not incorporate any modeling equations. It assigns values that are read from input files, to the appropriate RFM common blocks.

Appendix 4-C: Bibliography

California Energy Commission, "1992 Energy Technology Status Report," December 1992.

California Energy Commission, Memorandum, "Technology Characterization for ER94," August 6, 1993.

Electric Power Research Institute, "Technical Assessment Guide 1993 (TAG)," 1993.

Energy Policy Act of 1992, Public Law 102-486, Section 1212.

National Renewable Energy Laboratory, "National Solar Radiation Data Base (1961 - 1990) Version 1.0 NSRDB-Volume 1, September, 1992," Prepared by NREL, distributed by National Climatic Data Center, Asheville, NC 28801.

National Renewable Energy Laboratory. Memorandum facsimile transmission, August 23, 1995, Christy Herig to Thomas Petersik.

Appendix 4-D: Model Abstract

Model Name:

Solar Submodule

Model Acronym:

SOLAR

Description:

SOLAR defines of costs and performance characteristics for photovoltaic and solar thermal electricity generating systems by EMM region and year. EMM regions are based on the North American Electric Reliability Council (NERC) regions as modified by the Energy Information Administration (EIA) for NEMS. For PV technologies, all EMM regions are represented in SOLAR. For ST technologies, however, only six selected regions are represented, since insufficient direct normal insolation (sunlight) bars this technology will from other regions of the country.

Purpose of the Model:

The purpose of the NEMS Solar Submodule (SOLAR) is to define the costs and performance characteristics of Solar Thermal (ST) and Photovoltaic (PV) electricity generating technologies and to pass them to the EMM for capacity planning decisions.

Most Recent Model Update:

August 1999.

Part of Another Model?:

The Solar Submodule is a component of the Renewable Fuels Module (RFM) of the National Energy Modeling System (NEMS).

Official Model Representative:

Tom Petersik
Coal and Electric Power Division
Energy Information Administration
(202) 586-6582
e-mail: tpetersi@eia.doe.gov

Documentation:

NEMS Documentation Report: Renewable Fuels Module of the National Energy Modeling System. February 2001.

NEMS Documentation Report: *Renewable Fuels Module of the National Energy Modeling System*, January 2000.

Archive Media and Installation Manual(s):

Archived as part of the NEMS production runs.

Energy System Described:

Solar thermal performance is based on a central receiver system with molten salt storage. The storage allows the electricity output to be dispatched over a somewhat longer period than hours of highest solar insolation. At low levels of insolation the output of the central receiver system is zero. Once the insolation exceeds a threshold level sufficient to overcome thermal losses, the daily total output is assumed to be linear with total daily insolation. The output is allocated first to day periods, then to evening periods, and then to nighttime periods. Photovoltaic performance is based on a fixed axis PV system. The technology characterization assumes that rated output is reached at an insolation level of 1000 Watts per square meter.

Coverage:

- Geographic: 13 EMM regions: East Central, Texas, Mid-Atlantic, Mid-America, Mid-Continent, Northeast, New England, Florida, Southeastern, Southwest, Western, Rocky mountain & Arizona, California & So. Nevada.
- Time Unit/Frequency: Annual, 1990 through 2020.
- Products: Electricity.

Modeling Features:**Non-DOE Input Sources:**

California Energy Commission: Cost and performance characteristics, solar thermal technology.

Electric Power Research Institute and U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, *Renewable Energy Technology Characterizations* (EPRI TR-109496, December 1997).

Electric Power Research Institute: Cost and performance characteristics, PV technology.

IRS Tax Code

- 10 percent investment tax credit.

National Solar Radiation Database

- Regional Insolation

DOE Input Sources:

Electric Power Research Institute and U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, *Renewable Energy Technology Characterizations* (EPRI TR-109496, December 1997).

Computing Environment:

- Hardware Used: IBM RS6000
- Operating System: UNIX
- Language/Software Used: VS FORTRAN, Ver. 2.05

Independent Expert Reviews Conducted:

None.

Status of Evaluation Efforts by Sponsor:

None.

Appendix 4-E: Data Quality and Estimation Processes

This Appendix discusses (1) the quality of the principal sources of input data used in the Solar Submodule, along with a discussion of user-defined parameters and guidelines used to select them, and (2) estimation methods used to derive parameters.

Solar Thermal Performance

Solar thermal performance (capacity factor) is based on a central receiver system with six hours molten salt storage. The storage allows the electricity output to be dispatched at any time of day, i.e., it is "decoupled" from the periods of high insolation. Because it uses concentrators, the central receiver system can utilize only direct insolation.

Solar thermal cost and performance estimates are obtained primarily from the California Energy Commission, "Technology Characterization for ER94." Capacity factors are determined by EIA based on estimates in the "Typical Meteorological Year" database of the National Renewable Energy Laboratory, and adjusted to match overall estimates accompanying the technology cost and performance characterizations. In all cases, characteristics selected for EIA use are compared with any other available measures or estimates, as obtained from State or federal government offices, industry, trade, and private research and analysis firms.

All cost and performance estimates are made available for review within EIA; they are also circulated for comment among appropriate DOE offices in the Office of Energy Efficiency and Renewable Energy's Office of Power Technologies; finally, the estimates are made available for outside uses and comment, both in response to specific requests and in EIA-sponsored forums.

Photovoltaic Performance

Photovoltaic performance is based on a single axis tracking PV system. The technology characterization assumes that peak rated capacity and output are reached at an insolation level of 1000 Watts insolation per square meter. The fraction of peak rated capacity of an actual PV system is assumed to vary linearly with (direct plus diffuse) insolation, so that at any instant actual capacity is equal to peak rated capacity multiplied by actual insolation in W/m^2 divided by 1000. Photovoltaic system cost and performance estimates are obtained primarily from the Electric Power Research Institute, "Technical Assessment Guide 1993," 1993, and, for capital costs, derived from data obtained from the Sacramento Municipal Utility District (SMUD). As with solar thermal estimates, capacity factors are determined by EIA based on estimates in the "Typical Meteorological Year" database of the National Renewable Energy Laboratory, and adjusted to match overall estimates accompanying the technology cost and performance characterizations.

5. Biomass Submodule

Model Purpose

The purpose of the Biomass Submodule is to furnish cost and performance characteristics of the biomass gasification integrated combined cycle (BIGCC) technology to the Electricity Market Module (EMM) of the National Energy Modeling System (NEMS). The submodule utilizes a regional biomass supply schedule from which the biomass price is determined. The biomass supply schedule is based on the accessibility of biomass resources by the consuming sectors from existing wood resources and future biomass energy crops.

Beginning with *AEO97*, cost and performance characteristics that are defined consistent with fossil and other technology characteristics reside in the EMM input file ECPDAT.

Performance characteristics unique to the biomass gasification integrated combined cycle technology (such as heat rates and variable O&M costs) are computed in this submodule and then passed to the EMM.

The fuel component of the cost characteristic is determined from the regional biomass supply schedules and then converted to a variable O&M cost.

Relationship of the Biomass Submodule to Other Models

The Biomass Submodule interacts with EMM and the sectoral demand modules. It does not interact with other submodules in the RFM. Regional biomass consumption requirements from the commercial, industrial, and electricity modules are used in the biomass module to determine the regional biomass supply price. A total capacity potential is calculated from regional supply curve data and each year, the accumulated capacity from the EMM is measured against this limit and is constrained if it exceeds the limit.

Modeling Rationale

Theoretical Approach

Biomass use in NEMS is modeled as two distinct markets, the *captive* and *noncaptive* biomass markets. The captive market pertains to users with dedicated biomass supplies that obtain energy by burning biomass byproducts resulting from the manufacturing process (i.e., the pulp and paper and forest products industries). Biomass waste combustion in captive markets serves the dual role of energy supplier and waste disposal method. The captive biomass market is modeled by the industrial module of NEMS.

The noncaptive biomass market is represented in the Biomass Submodule of the RFM. The noncaptive market is defined to include the commercial and electric utility sectors, as well as the resources marketed in the industrial sector. It is necessary to include commercial and industrial consumption in order to properly estimate supply and demand conditions, as these represent alternative economic uses of the biomass supply. There is an additional noncaptive market serving residential uses of biomass. This market is modeled in the residential demand module.

Because of the scarcity of reliable data and the relatively small size of the noncaptive market, EIA developed a simple model structure consisting of one supply schedule per region. The fuel supply schedule in each region defines the quantity and cost relationships of biomass resources accessible by all noncaptive, non-residential consumers. It is based on an aggregation of supply/price information for forestry residues, urban wood waste and mill residues, agricultural residues, and energy crops. The latter is made available starting in 2010. Additional detail on the biomass supply curves is provided in Appendix 5-E.

Fundamental Assumptions

A basic assumption of the Biomass Submodule is that the supply price for noncaptive biomass energy is the same across all sectors. This assumption allows the construction of a single supply schedule for all sectors to yield a supply price for the electric utility sector.

Another important fundamental assumption relates to the treatment of biomass transportation costs. The difficult aspect of building supply curves for biomass is modeling the economic accessibility to the resource, rather than estimating the physical amount of biomass that can be used. This submodule assumes a fixed "typical" transportation distance in calculating costs. For agricultural residues, forestry residues, and energy crops, it has been assumed that the maximum distance that this type of material can be transported economically is 50 miles. Within a circular area with a radius of 50 miles, it has been assumed that the transportation cost will be \$10/dry ton. This fixed amount has been added to the supply curves for agricultural residues, forestry residues, and energy crops to reflect the transportation cost from the farm-gate to the power plant.

For urban wood waste and mill residues, the assumptions and methodology for calculating transportation costs is slightly different than for the other types of biomass. For urban wood waste and mill residues it is assumed that all residues are within 100-mile radius of a potential biopower site. Transportation costs are estimated for 25, 50, 75, and 100-mile hauling distances. Based on data for the national outlay on local transportation and local trucking ton-miles logged, a national average freight charge of \$0.24/ton-mile (\$96) is assumed. The national average freight charge is then converted to state averages, by state transportation price indices. Because no interregional biomass trade exists, it is assumed that no biomass is transported among EMM regions.

Alternative Approaches

There are limited examples of alternative working models that include market penetration of biomass technology. Generally, biomass conversion can be modeled similar to other solid fuel technologies, i.e. coal, with appropriate attention to cost assumptions. The unique characteristics of this resource reside in the treatment of the fuel supply function.

The Biomass Submodule of NEMS has several simplifying features of its supply functions which may offer opportunities for improvement. The submodule treats only the marketed portion of the fuel, when there could be interaction with entities with captive fuel, i.e. the forest products industry, as well as with the residential fuel market. Another simplification is the assignment of a constant factor for transportation costs. The fuel transport costs could be a significant share of the delivered costs and will vary considerably by terrain and distance to the conversion facility. A final limiting assumption pertains to the treatment of competing uses of the resource, either as land or as other product uses. For example, the land could be used for other fiber or food crops or the wood could be used for construction, at alternate prices.

Biomass Submodule Structure

Submodule Flow Diagram

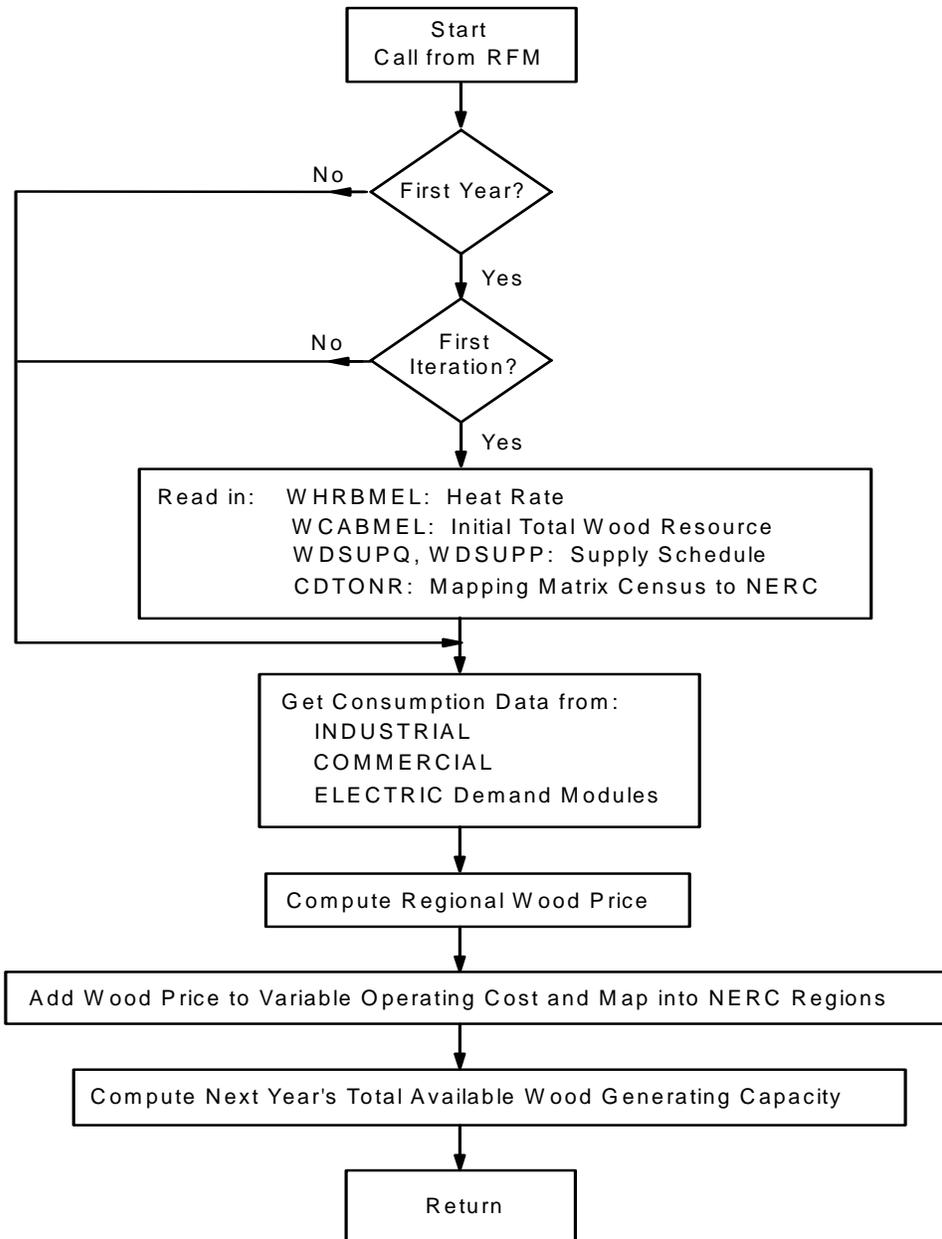
A flow diagram showing the main computational steps and relationships of the Biomass Submodule is shown in Figure 5.

Key Computations and Equations

The biomass submodule consists of one FORTRAN subroutine. It computes the regional biomass supply price given the current regional biomass consumption passed from the industrial, commercial, and electric generating modules. The biomass price is added to the variable operating cost and passed to the Electricity Planning Submodule (ECP) along with the heat rate.

The biomass quantity-price relations are implemented in a matrix representing the supply curve as step functions. A linear interpolation scheme is used to determine the biomass price given a biomass quantity.

Figure 5. Biomass Submodule Flowchart



Since the biomass consumption data are defined in NEMS by Census divisions, and the cost and performance characteristics of the biomass technology are defined for EMM regions, a geographic mapping was necessary to generate biomass prices by EMM regions.

In addition to the assignment of cost/performance characteristics, the biomass submodule passes the maximum available electricity generating capacity using biomass to the ECP. This capacity limit is computed by decrementing the initial total potential by already installed

capacity and for each subsequent year, decrementing the last year's unplanned new capacity from the previous limit. The initial total generating capacity for each region is determined by dividing the maximal quantity of biomass reserves in the supply curve by the product of the heat rate, capacity factor, and 8760 as the number of hours per year.

The technology represented by the cost and performance values for new capacity is the Biomass Integrated Gasification Combined Cycle (BIGCC) system for biomass. The cost is for a modular unit, capable of being shop fabricated. The cost values include storage and biomass handling, magnetic separators, and ash handling equipment. The gasifier is equipped with solid and gas recycling systems. A modular hot gas filtration unit is included in the cost assumptions.

Appendix 5-A: Inventory of Variables, Data and Parameters

Appendix 5-A provides information on variables used in the Biomass Submodule. Table 5A-1 gives a complete listing of all variables including definitions and dimensions, sources, measurement units, and page references. Variables are classified as Submodule data inputs, calculated variables, and Submodule outputs. Following Table 5A-1 are detailed descriptions of each input data item.

Table 5A-1. NEMS Biomass Submodule Inputs and Variables

Model Variable	Definition and Dimensions	Source	Units
INPUT DATA			
<i>CDTONR</i>	Conversion factors for converting Census division <i>r</i> to EMM region <i>n</i>	DAC	Unitless
<i>WDSUPQ</i>	Biomass quantity step function in EMM region <i>n</i> , year <i>y</i> , step <i>l</i>	DAC	trillion Btu
<i>WDSUPR</i>	Biomass price step function in EMM region <i>n</i> , year <i>y</i> , step <i>l</i>	DAC	\$/MMBtu
<i>UPOVR*</i>	Capital cost for biomass technology	NREL	\$/kW
<i>UPMCF*</i>	Capacity factor for biomass technology electricity sector	NREL	Unitless
<i>WVC_{n,y}</i>	Constant variable O&M cost component for biomass technology electricity sector in EMM region <i>n</i> in year <i>y</i>	NREL	\$/MMBtu
<i>UPFOM_{n,y}*</i>	Fixed O&M costs for biomass technology electricity sector in EMM region <i>n</i> in year <i>y</i>	NREL	\$/kW
<i>WHRBMEL_{n,y}</i>	Heat rate for biomass technology in EMM region <i>n</i> in year <i>y</i>	EPRI	Btu/kWh
VARIABLES			
<i>QBMC</i>	Quantity of biomass consumed in the commercial sector in Census division <i>r</i> in year <i>y</i>	NEMS	trillion Btu
<i>QBME</i>	Quantity of biomass consumed by utilities in Census division <i>r</i> in year <i>y</i>	NEMS	trillion Btu
<i>QBMI</i>	Quantity of biomass consumed in the industrial sector in Census division <i>r</i> in year <i>y</i>	NEMS	trillion Btu
<i>CURWDCON</i>	Quantity of biomass consumed in all sectors in EMM region <i>n</i> and year <i>y</i>	NEMS	trillion Btu
<i>CURWDPR</i>	Price of biomass from the all-sector supply curve in EMM region <i>n</i> and year <i>y</i> .	NEMS	\$/MMBtu

Table 5A-1. NEMS Biomass Submodule Inputs and Variables (continued)

Model Variable	Definition and Dimensions	Source	Units
OUTPUTS			
$WCABMEL_{n,y}$	Capacity for utilities in EMM region n in year y	EMM	MW
$WVCBMEL_{n,y}$	Variable O&M costs for biomass technology electricity sector in EMM region n in year y . Incorporated the converted fuel cost for biomass.	RFM	mills/KWh

*Assigned in EMM input file ECPDAT.

MODEL INPUT: $CDTONR$

DEFINITION: Conversion factors for converting Census division r to EMM region n .

SOURCE:

Oak Ridge National Laboratory, "Data and Sources Biomass Supply." Draft prepared for EIA under Contract No. DE-AC05-84OR21400, Oak Ridge, TN, June 27, 1993.

MODEL INPUT: $WDSUPQ$

DEFINITION: Quantity of biomass supply in EMM region n , year y , and step l .

$WDSUPQ$ is part of the biomass supply schedule. The variable represents quantity of a biomass composite consisting of the following biomass types: (1) forestry materials, (2) mill residues, (3) agricultural residues, and (4) energy crops.

SOURCES:

U.S. Department of Agriculture, Forest Service, "Forest Resources of the United States, 1992" General Technical Report RM-234 (Revised), (Fort Collins, CO, June 1994).

Graham, R.L., et.al., Oak Ridge National Laboratory, "The Oak Ridge Energy Crop County Level Database", September 20, 1996 version, Oak Ridge, TN.

Walsh, Marie, et.al. Oak Ridge National Laboratory, "Evolution of the Fuel Ethanol Industry: Feedstock Availability and Price", (Oak Ridge, TN, April 1998).

Antares Group Inc., "Biomass Residue Supply Curves for the U.S.", (Landover, MD, September 1998).

MODEL INPUT: *WDSUPP*

DEFINITION: Price of biomass supply in EMM region *n*, year *y*, and step *l*.

WDSUPP is part of the biomass supply schedule. The variable represents the price of a biomass composite consisting of the following biomass types: (1) forestry materials, (2) mill residues, (3) agricultural residues, and (4) energy crops.

SOURCES:

U.S. Department of Agriculture, Forest Service, "Forest Resources of the United States, 1992" General Technical Report RM-234 (Revised), (Fort Collins, CO, June 1994).

Graham, R.L., et.al., Oak Ridge National Laboratory, "The Oak Ridge Energy Crop County Level Database", September 20, 1996 version, Oak Ridge, TN.

Walsh, Marie, et.al. Oak Ridge National Laboratory, "Evolution of the Fuel Ethanol Industry: Feedstock Availability and Price", (Oak Ridge, TN, April 1998).

Antares Group Inc., "Biomass Residue Supply Curves for the U.S.", (Landover, MD, September 1998).

MODEL INPUT: *UPOVR*

DEFINITION: Capital costs for electricity sector.

UPOVR represents the *n*th-of-a-kind capital cost for an advanced Biomass Integrated Gasification Combined Cycle (BIGCC) technology of unit size 100 MW which is estimated to be commercially available in the year 2005. The cost estimates incorporate the removal of interest during construction and contingency costs, which are added later in EMM.

SOURCE:

Electric Power Research Institute, and U.S. Department of Energy, Office of Utility Technologies, "Renewable Energy Technology Characterizations", EPRI TR-109496, (Palo Alto, CA, December 1997). Values were further adjusted by EIA for consistency with coal gasification costs.

MODEL INPUT: *UPFOM*

DEFINITION: Fixed O&M costs for biomass technology.

The fixed O&M cost is assumed to be constant across all regions and for all years.

SOURCE:

Electric Power Research Institute, and U.S. Department of Energy, Office of Utility Technologies, "Renewable Energy Technology Characterizations", EPRI TR-109496, (Palo Alto, CA, December 1997).

MODEL INPUT: *UPMCF*

DEFINITION:Capacity factor for the utility sector.

Capacity factor is assumed to be constant for all years and all regions.

SOURCE:

Craig, K.R.; Mann, M.K.. 1993. Cost and Performance Analysis of Integrated Gasification Combined Cycle (IGCC) Power Systems Incorporating a Directly Heated Biomass Gasifier. Milestone Completion Report. NREL. December 1993.

MODEL INPUT: *WHRBMEL*

DEFINITION:Heat rate for biomass technology in EMM region *n* in year *y*

The heat rate represents the biomass gasification combined cycle technology. It is assumed that the heat rate will decrease linearly over time to reflect the probable efficiency improvements of this technology. The decrease was based on the efficiency improvements of the similar coal technology.

SOURCES:

Gas Turbine Handbook, 1995 Handbook, Gas Turbine World.
Electric Power Research Institute, "Technical Assessment Guide," Vol. 1, Revision 7, EPRI TR-102276S, Palo Alto, CA, June, 1993.

MODEL INPUT: *QBMCM*

DEFINITION:Biomass/wood consumption in commercial sector in Census division *r* and year *y*.

NEMS variable, calculated in the commercial demand model.

SOURCE:

NEMS.

MODEL INPUT: *QBMEL*

DEFINITION: Biomass/wood consumption in electric power sector in Census division r and year y .

NEMS variable, calculated in the EMM model.

SOURCE:

NEMS.

MODEL INPUT: $QBMIN$

DEFINITION: Biomass/wood consumption in industrial sector in Census division r and year y .

NEMS variable, calculated in the industrial demand model.

SOURCE:

NEMS.

MODEL OUTPUT: $WVC_{n,y}$

DEFINITION: Constant variable O&M cost component in EMM region n and year y .

This constant cost component, representing operation costs, is added to fuel costs to produce a total variable cost.

SOURCE:

Electric Power Research Institute, and U.S. Department of Energy, Office of Utility Technologies, "Renewable Energy Technology Characterizations", EPRI TR-109496, (Palo Alto, CA, December 1997).

MODEL OUTPUT: $CURWDCON$

DEFINITION: Quantity of biomass energy consumed in all sectors.

Sum of biomass energy consumed in the commercial, industrial, and utility sectors.

SOURCE:

NEMS

MODEL OUTPUT: $CURWDPR$

DEFINITION:Price of biomass energy from the all-sector supply schedule

SOURCE:

NEMS

MODEL OUTPUT: *WCABMEL*

DEFINITION:Available generating capacity [MW] in EMM region *n* and year *y*.

The maximal generating capacity is determined by the maximal value in each regional supply curve and converted into MW using the performance characteristics of the biomass technology, represented in the RFM.

SOURCE:

NEMS.

MODEL OUTPUT: *WVCBMEL*

DEFINITION:Variable costs for biomass electricity generation for the utility sector in EMM region *n* in year *y*.

Variable cost is model determined. It is the sum of two factors: (1) a constant factor accounting for operational maintenance expenses, and (2) fuel cost. Since there is no vehicle to pass fuel cost separately to the ECP, the cost for biomass fuel is converted into mills per kWh and added as an additional variable O&M cost component.

SOURCE:

NEMS.

Appendix 5-B: Mathematical Description

Subroutine WDREALJOB

The subroutine evaluates the consumption of biomass in the commercial, industrial, and electric power sectors by regions and determines the regional biomass price. Census divisions provide the sectoral biomass consumption levels. They are mapped to EMM regions using the following mapping:

commercial sector:

$$WDQNR_{CM}{}_{n,y} = \sum_{r=1}^{R=9} \sum_{n=1}^{N=13} CDTONR_{n,r} * QB_{MCM}{}_{n,y}$$

industrial sector:

$$WDQNR_{IN}{}_{n,y} = \sum_{r=1}^{R=9} \sum_{n=1}^{N=13} CDTONR_{n,r} * QB_{MIN}{}_{n,y}$$

electric power sector:

$$WDQNR_{EL}{}_{n,y} = \sum_{r=1}^{R=9} \sum_{n=1}^{N=13} CDTONR_{n,r} * QB_{MEL}{}_{n,y}$$

where:

- $CDTONR_{n,r}$ = mapping matrix to map Census divisions into EMM regions,
- $QB_{MCM}{}_{r,y}$ = biomass/wood consumption in commercial sector in Census division r and year y , trillion Btu,
- $QB_{MIN}{}_{r,y}$ = biomass/wood consumption in industrial sector in Census division r and year y , trillion Btu,
- $QB_{MEL}{}_{r,y}$ = biomass/wood consumption in electric power sector in Census division r and year y , trillion Btu,
- $WDNR_{CM}{}_{r,y}$ = biomass/wood consumption in commercial sector in EMM region n and year y , trillion Btu,
- $WDNR_{IN}{}_{r,y}$ = biomass/wood consumption in industrial sector in EMM region n and year y , trillion Btu,
- $WDNR_{EL}{}_{r,y}$ = biomass/wood consumption in electric power sector in EMM region n and year y , trillion Btu.

It is assumed that 3 percent of the industrial consumption is in the noncaptive market. The total consumption of biomass by EMM region is:

$$CURWDCON_{n,y} = WDQNR_{CM}{}_{n,y} + WDQNR_{IN}{}_{n,y} + 0.03 WDQNR_{EL}{}_{n,y}$$

Where:

$CURWDCON_{n,y}$ = quantity of biomass energy consumed in all sectors (trillion Btu).

The submodule does a linear interpolation between two steps l and $l+1$ on the supply curve to determine the price of biomass given a quantity. The interpolation is expressed as:

$$CURWDPR_{n,y} = WDSUPP_{n,y,i} + \left[\frac{CURWDCON_{n,y} - WDSUPQ_{n,y,i}}{WDSUPQ_{n,y,i+1} - WDSUPQ_{n,y,i}} \right] (WDSUPP_{n,y,i+1} - WDSUPP_{n,y,i})$$

where:

$CURWDPR_{n,y}$ = price of biomass energy from the all-sector supply schedule, EMM region n , year y , \$/MMBtu,

$WDSUPP_{n,y,i}$ = price of biomass supply in EMM region n , year y , and step l ,

$WDSUPQ_{n,y,i}$ = quantity of biomass supply in EMM region n , year y , and step l .

Since the biomass submodule does not have a vehicle to pass fuel cost separately to the ECP module, the price $CURWDPR$ of biomass is converted into a variable O&M cost component and added to the constant variable cost factor. The conversion is expressed as:

$$WVCBMEL_{n,y} = WVC_{n,y} + CURWDPR_{n,y} * WHRBMEL_{n,y} * C_1$$

where:

$WVC_{n,y}$ = constant variable O&M cost component in EMM region n and year y .

$WHRBMEL_{n,y}$ = heat rate for biomass technology in EMM region n and year y .

C_1 = conversion factor to transform from \$/MMBTU * BTU/kWh to mills/kWh, $C_1=10^{-3}$.

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Appendix 5-D: Model Abstract

Model Name:

Biomass Submodule.

Model Acronym:

None.

Description:

The submodule passes to the EMM cost and performance characteristics by EMM regions and years. The fuel component of the cost characteristic is determined from the regional biomass supply schedules and then converted to a variable O&M cost.

Most Recent Model Update:

August 1999.

Part of Another Model?:

The Biomass Submodule is a component of the Renewable Fuels Module (RFM) of the National Energy Modeling System (NEMS).

Official Model Representative:

Zia Haq
Coal and Electric Power Division
Energy Information Administration
Phone: (202) 586-2869
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Documentation:

NEMS Documentation Report: *Renewable Fuels Module of the National Energy Modeling System*, February 2001.

Archive Media and Installation Manual(s):

Archived as part of the NEMS production runs.

Energy System Described:

Non-captive biomass supply and associated price.

Coverage:

USA.

Modeling Features:

Data from nine Census divisions are restructured into 13 EMM supply regions.

Non-DOE Input Sources:

None.

Computing Environment:

- Hardware Used: IBM RS 6000
- Operating System: UNIX
- Language/Software Used: VS FORTRAN, Ver. 2.05

Independent Expert Reviews Conducted:

None.

Status of Evaluation Efforts by Sponsor:

None.

Appendix 5-E: Data Quality and Estimation Processes

Derivation of the All Sector Biomass Supply Curve

The biomass supply curves represent four categories of materials: the forest products data developed from U.S. Forest Service data, wood residue data obtained from regional and state agencies and crop residue and energy crop data developed from information obtained from the Oak Ridge National Laboratory. The information was merged and formatted into the shell of the previously assembled supply curves, using common price steps.

Under the category of forestry residues, to estimate regional supply schedules for softwood and hardwood chips McQuillan et. al. (1984) use forestry inventory data along with information on a variety of factors such as: logging and chipping costs, hauling distances and costs, stocking densities, wood types, slope, and equipment operability constraints. The base year of the McQuillan study was 1983. Original data used by McQuillan et. al. comes from a 1976 national inventory on “waste wood”. Waste wood is defined to include logging residues, rough, rotten, and salvable dead wood (live cull and sound dead wood) and excess sapling and small poll trees.

The forestry residue supply schedule currently being used in NEMS is based on the original analysis by McQuillan et. al., and Turhollow and Cohn (1994) which was later revised for use in NEMS by DAC (1995). ORNL has updated the amount of waste wood available using the most recent USDA/Forest Service inventory data. This update was necessary because the data that McQuillan et. al. used was 25 years old. ORNL also made other adjustments to reflect availability of waste wood. These adjustments include: the exclusion of sapling trees, the exclusion of small pole trees, changes to the recoverability factors, the addition of a nominal stumpage fee, and the conversion of 1980\$ to 1998\$ based on an index of agricultural prices paid.

Urban wood waste and mill residue data were assembled from state and regional agency reports by Antares Group, Inc.¹⁰ who then combined quantities and provided estimates of prices. The types of wood included were silviculture, mill residues, urban waste and construction and demolition debris. Price estimates were based on sales contract information or tipping fees in various regions combined with transportation costs, pre-processing costs and profits where appropriate.

Crop residue data were limited to wheat straw and corn stover developed by Oak Ridge National Laboratory.¹¹ Prices essentially represented the costs of gathering and transporting the material.

¹⁰ Antares Group, Inc., “Biomass Residue Supply Curves for the U.S.”, prepared for the National Renewable Energy Laboratory by Antares Group, Inc., Landover, MD, November, 1998.

¹¹ Walsh, M.E., et.al., Oak Ridge National Laboratory, “Evolution of the Fuel Ethanol Industry: Feedstock Availability and Price”, Oak Ridge, TN, April 1998.

Energy crops data were compiled from the Oak Ridge National Laboratory database.¹² This database contained information on yields and production costs for three land types and two crop types. Crop yields, which are in the range of 3-7 tons/acre were converted to energy potential for each county and aggregated up to EMM regions. The crops included are hybrid poplar, willow and switchgrass. Separate crop supply curves are developed for each model year, 2010-2020 and added to the constant sum from the other three categories. The maximum share of cultivated cropland that would be used for energy crops is assumed to be about 10 percent.

¹² Graham, R.L., et al, Oak Ridge National Laboratory, "The Oak Ridge Energy Crop County Level Database," September 20, 1996 version .Oak Ridge, TN.

6. Geothermal Electricity Submodule

Model Purpose

The Geothermal Electricity Submodule (GES) represents U.S. geothermal resources supply and technology cost and performance characteristics used to project use of geothermal energy for central station electricity supply through the mid-term future. More specifically, the GES –

- In the National Energy Modeling System (NEMS), provides the Electricity Market Module (EMM) Electricity Capacity Planning (ECP) submodule the supply (megawatts) of new geothermal generating capacity and its related average cost and performance characteristics based upon information for resources at 51 known U.S. geothermal sites;
- Reduces supply available for future capacity as geothermal resources are used, including already chosen capacity identified from historical data reported to EIA, from reported plans of future geothermal capacity, or from resources already chosen in earlier forecasting iterations by the ECP; and
- Changes geothermal capital costs, reducing them to reflect experience (learning-by-doing) and increasing them as warranted by rapid increases in demand (short-term cost elasticities of supply).

For the *Annual Energy Outlook 2002 (AEO2002)* and retained for *AEO2003*, the simplified GES structure introduced in *AEO2001* was modified in three ways, to -

- Reduce the number of megawatts available geothermal supply at each of the 51 geothermal sites in order to better represent mid-term supplies rather than the 40-year supplies modeled in *AEO2001*, usually reducing to a few hundred megawatts geothermal resources often times estimated earlier at more than one thousand megawatts.
- Limit the number of megawatts able to be built at any site in a specific year (annual build bounds) in order to better represent industry practice of gradual expansion at geothermal sites; bounds may be modified by individual site by year; and
- Permit changes in the capital costs of specific sites by individual year (Capital cost multipliers), enabling the GES to represent geothermal capital cost assumptions different from the reference case. The capital cost multipliers are numeric weights, less than, equal to, or greater than 1.00 separately affecting the total base capital cost of each of the 51 geothermal sites; the design allows different weights for different sites and different weights for different years for each site.

Changes to annual build bounds and capital cost multipliers are made in the WGESITE input data file.

Relationship of the Geothermal Electricity Submodule to Other Models

The GES interacts primarily with the ECP. Relationships between GES and other NEMS components include –

- GES provides new capacity availability, performance, and cost information for the ECP in making planning decisions;
- GES uses new capacity build decisions from the ECP to decrement available new geothermal resources and capacity.
- GES uses financial parameters and tax data for calculations related to the competing geothermal resource sites and ECP-based avoided costs to determine the highest cost at which new geothermal supply can compete, setting the upper-cost bound of geothermal supply.

Modeling Rationale

The GES develops regional geothermal capacity supplies (megawatts available in increasing order of cost per kilowatthour) used in competing geothermal technologies with fossil, nuclear, and other renewable energy generating alternatives for each forecast year and region needing new generating capacity. Water-based (hydrothermal) resources in the 3 Western EMM regions (11,12, and13) are assumed to be the only cost-effective, accessible geothermal resources available during the forecast period. Hot-dry rock technologies are excluded because they are not expected to become cost competitive through 2025.

Each geothermal site is characterized by (1) a capital cost estimate, (2) low and high estimates of the number of megawatts of capacity available, (3) increasing capital costs for increasing portions of the high estimate, and (4) capacity factor, fixed operation and maintenance cost, heat rate, and carbon dioxide (CO₂) emissions rate. Within each region for each model iteration in each forecast year the GES subtracts resources already used, arrays all geothermal supply segments in increasing cost order, determines from the EMM the maximum price (avoided cost) likely to be competitive, and then provides the EMM a geothermal supply in the form of three leveled cost-quantity pairs of available capacity that compete with other technologies.

Input data for the supplies were provided by DynCorp Corporation (“DynCorp data base), based upon 1992 work by Sandia National Laboratory for EIA and the Geothermal Division of DOE¹³ and reflecting earlier work by the U.S. Geological Survey and others.¹⁴ The input data are available from the Office of Integrated Analysis and Forecasting, Coal and Electric Power Division. For *AEO2002*, and continued for *AEO2003*, EIA reduced these estimates from sometimes more than a thousand megawatts to usually a few hundred, in order to better represent mid-term, rather than long-term supplies.

Fundamental Assumptions

Type of Resource

The GES represents hydrothermal geothermal resources, defined as large volumes of water trapped in permeable rock at depths to 11,000 feet and with temperatures ranging from 110° C to 680° C. Hot dry rock resources are not expected to be commercially competitive until after 2020. Cost estimates are based on historical costs of exploring, confirming, and developing hydrothermal resources and installing power plants to bring additional capacity on-line at known geothermal sites.

¹³ Sandia National Laboratory, Petty, Susan; Livesay, B.J; Long, William.P.; Geyer, John: *Supply of Geothermal Power from Hydrothermal Sources: A Study of the Cost of Power in 20 and 40 Years*, Contractor Report SAND92-7302, Albuquerque, New Mexico, November 1992.

¹⁴Muffler, L.P.J., editor, *Assessment of Geothermal Resources of the United States – 1978*, U.S. Geological Survey Circular 790, 1978.

Estimates of Resources

In addition to identifying the number of megawatts of geothermal generating capacity already developed, the DynCorp data base provides two estimates of the potential capacity able to be developed at each of the 51 geothermal resource sites described in the data base. The “low” estimate identifies the number of megawatts that could be developed within 20 years at the costs specified in the data base from already identified resources, including existing capacity already built. The “high” estimate reflects the number of megawatts that could be developed at those same costs, but in 40 years and from both identified and as yet unidentified resources at each site.

For *AEO2001*, EIA significantly modified the DynCorp estimates: Using the DynCorp data base and the more detailed estimates in the Sandia report, EIA converted the high estimates (40 year, including unidentified resources) for each of the 51 sites into four incremental capital cost subgroups, under the basic assumption that the greater supplies currently unidentified but becoming available at the same cost in 40 years, could only be currently identified and accessed at greater cost.

The various estimates prepared by Susan Petty and others and used in the deliverable and other reports basically display (a) 20 and 40 year estimates of “identified resources” and (b) 20 and 40 year estimates of “unidentified” resources, allowing EIA to distinguish and assign costs to both the 20 and 40 year time difference and the process of identification. EIA assigned a +33% drilling and other field cost premium for employing currently any capacity shown as becoming available in 40 years rather than 20; second, EIA doubled the exploration cost for any 20 or 40 year resources classified as “unidentified.”

- The first, least cost, estimate includes all identified resources in the DynCorp “low” estimate, the 20-year identified resources.
- The second, higher cost, category applies to identified capacity only becoming available in 40 years, and equals the capacity difference between the 40-year identified resources and the 20-year identified resources in step 1. Under the assumption that there is an additional field cost distinguishing 40-year availability from 20-year, EIA increased by 33% the estimated drilling and other field cost estimates for this incremental quantity. EIA did not change the assumed power plant costs for this group.
- Third, EIA separately identified from the Sandia report the 20-year estimates for identified *plus unidentified* resources, and assigned to the difference between that and identified resources in step 1 double the estimated exploration cost for this quantity of capacity. In effect, EIA doubles exploration cost”
- Fourth, EIA assumed that all remaining capacity in the difference between the 40-year identified plus unidentified (high) estimates and the 20-year identified (low) represents capacity affected by both the additional exploration and the additional drilling and field costs.

The effect of the EIA segmenting is to parcel each of the 51 sites' potential into four increasing capital cost categories.

For *AEO2002*, and continued for *AEO2003*, EIA significantly reduced the estimates of geothermal resources supply. Cost-increasing steps introduced for *AEO2001* proved too small to prevent NEMS building hundreds or thousands of megawatts of geothermal at individual sites, far in excess of likely actual construction at any one site by 2020.

Therefore, for *AEO2002*, EIA introduced two steps designed to reduce both the absolute supply available at an individual site and to slow the rate of capacity expansion at sites.

- First, quantities of capacity available in individual cost steps at individual sites were greatly reduced in many cases, generally reduced to a maximum of 100 megawatts per cost step per site, quantities which for *AEO2001* were many hundreds or even more than one thousand megawatts. Overall, the effect of the reduction is to reduce the total supply from any one site – especially for those likely to be competitive – from over a thousand megawatts to a few hundred megawatts.
- Second, GES is modified to permit site and year specific limits (annual build bounds) on the number of megawatts able to be selected from a site. For the reference case *AEO2003*, a maximum of 25 megawatts new geothermal can be built at any one site for all years 2000 – 2015, and 50 megawatts per site per year thereafter; for the “high renewables case,” a limit of 50 megawatts is set for all sites for all years.

Existing Capacity and Retirements

Existing capacity is enumerated, by facility name, on-line date, plant size, state, region, heat rate, and capacity factor, as described in the generating unit plant file showing all U.S. utility and nonutility generating units as reported on forms EIA-860A (Annual Electric Generator Report – Utility) and EIA-860B (Annual Electric Generator Report – Nonutility). Beginning with *AEO2001*, with the exception of two Geysers geothermal units scheduled to retire in 2003, EIA no longer independently assumes that geothermal units will retire at the end of their 40th year.

EIA does not assume retirement dates for geothermal power plants; however, retirements are imposed when the EIA-860 respondent or other independent information externally establishes the actual or anticipated retirement.

Exploration Costs

The DynCorp database provides per-kilowatt exploration costs for each of the 51 geothermal resource sites. However, because DynCorp calculated costs based on an estimated 250 megawatts at each site, EIA recalculated the per-kilowatt exploration cost based on the actual estimated low estimate at each resource site, thereby in most instances increasing the average per-kilowatt exploration cost.¹⁵ The reestimation can be found in the Excel file “GeoT.xls.”

Capital Costs

Capital costs in the DynCorp data base were derived from detailed resource characteristic data provided by the Sandia report and others, using the geothermal electricity supply data preprocessor (GESDPP) of the IM-GEO PC-based geothermal model.¹⁶ Developed by Sandia National Laboratory in the mid 1980’s, the IM-GEO (Impacts of Research and Development on the Cost of Geothermal Power) preprocessor converts resource information about the 51 sites - including information on resource temperature, depth, and well chemistry (salinity, noncondensable gas content), flow rate per well – into site-specific capital cost components based on a 50 megawatt plant. Data inputs date from 1991 or earlier.

Capital costs are a composite of four separate costs, (1) exploration, (2) drilling, (3) pipeline and other field, and (4) power plant. Land is assumed to be leased rather than purchased, and land costs are included in fixed operations and maintenance charges. Separate from the DynCorp database, within the GES all four components receive the 10 percent EPACT investment tax credit (ITC). In the GES, total capital costs are also decreased by learning-by-doing.

Drilling costs are a fixed value, affected only by the ITC and learning-by-doing. Consideration was given to decreasing geothermal drilling costs in response to the rate of decrease in drilling costs determined in NEMS for the oil and gas industry. The decrease was not incorporated because it was not certain that advances occurring in discovery and drilling (such as horizontal drilling) for the oil and gas industries also uniformly apply to geothermal.

The GES permits total capital costs for any site (and any step at any site) to be changed via use of a site and individual year specific capital cost weight. As a result, capital costs for any site may be exogenously changed from year to year. For the reference case all weights are 1.00. For the AEO2003 “high renewables case” all capital costs were assigned weights <1.00 after 2005, for example, in order to approximate U.S. Department of Energy geothermal cost goals by 2025, with weights reaching 0.85 by decision year 2005, 0.70 by 2010, 0.64 by 2020, and 0.62 by 2025.

¹⁵ Because exploration costs must be paid and because they are usually very small, they are included in the geothermal capital costs; however, because exploration costs are usually paid before the decision for a specific power plant, the decision to build the plant is not dependent upon exploration costs. EIA’s reestimation of exploration costs can be found in the Excel file “GeoT.xls.”

¹⁶ Entingh, D., Livesay, B., and Petty, S., *Geothermal Cost of Power Model IM-GEO Version 3.05: User’s Manual*, February, 1989. EIA files “IMGEO.ZIP” and “QB45.ZIP” contain the IM-GEO preprocessor and data.

Operations and Maintenance Costs

As for capital costs, the DynCorp database contains each site's fixed operations and maintenance costs, separately distinguishing (a) pumps and field, from (b) power plant costs, determined based on individual site characteristics using data from Susan Petty et al, using the IM-GEO preprocessor. Pumps and field costs include an estimate for land lease costs.

Heat Rates

The energy in geothermal resources differs significantly from site to site. Furthermore, differing measurement techniques can yield dramatically different heat rates. For example, heat rates can reflect the gross heat energy of the geothermal fluid at the surface or account for only the energy used at some later stage in its application. The GES submodule heat rate is defined as the difference in the heat content of the incoming energy as it reaches the earth's surface and the heat content of the energy as it is reinjected into the ground after use in production. Heat rates for binary plants, which adapt low-temperature resources (less than 200^o Centigrade) require much more input energy – averaging about 70,000 Btu/kWh – than heat rates for dual flash plants using higher temperature resources (greater than 200^o Centigrade) – averaging about 30,000 Btu/kWh. The geothermal heat rate estimates used in the GES have been adopted from the earlier version of the GES, derived earlier using the preprocessor IM-GEO.

Conversion Technologies

Two geothermal generating technologies are represented in GES, dual-flash and binary. The lower-cost dual-flash technology is employed to convert high temperature (greater than 200^o C) fluids to turbine steam by “flashing” the liquid to steam at two different stages, with the steam then used to drive a conventional turbine generator. The remaining liquid portion of the geothermal fluid is reinjected into the ground. Generally higher-cost binary technologies convert lower temperature (less than 200^o C) liquids to turbine steam by circulating the liquid through a closed loop system in which the fluid heats and vaporizes a second fluid with a low boiling point, such as isopentane. The vapor of the second fluid drives the turbine generator and the low-temperature geothermal fluid is reinjected into the ground. Because there are no other major “dry” steam resources, such as are found at the Geysers in California, the dry steam geothermal technology is not represented in the GES.

Capacity Factors

Based upon actual performance of other plants, when estimating costs for building new plans, GES assumes an 95 percent capacity factor for dual-flash plants and 80 percent for binary units; after new plants are built, actual annual generation is estimated at the average of the two technologies, using an 87 percent capacity factor. Dry steam units from the Geysers are dispatched at their historical actual rates of performance.

Alternative Approaches

U.S. Geothermal resources were evaluated in the mid 1970s by the U.S. Geological Survey¹⁷ (USGS) and in 1991 by Sandia National Laboratory (see footnote 1). These assessments included estimates of potential electric generation capacities in terms of number of megawatts for 30 years at known geothermal hydrothermal resource sites in the United States. At the time of the USGS study, domestic geothermal development was limited to the Geysers steam field in northern California, and exploration and delineation of the nation's liquid-dominated hydrothermal resources was in its early stages. The 1991 Sandia effort took advantage of considerable hydrothermal resource data and developmental experience gained in the interim.

The IM-GEO model developed by Sandia National Laboratories originally included only four generic geologic sites, typical of those found in the United States. In 1992 IM-GEO was modified to process data for all the sites identified in the Sandia report. IM-GEO is coded in Quick Basic and was executed separate from the GES; it may be referred to as the GES Data Pre-Processor or GESDPP. The GESDPP was used by DynCorp to develop the capital cost estimates for each of the 51 sites.

¹⁷ Muffler, L.P.J., editor, *Assessment of Geothermal Resources of the United States-1978*. U. S. Geological Survey Circular 790, 1978.

Geothermal Electricity Submodule Structure

The GES “SUBROUTINE GEO2000” has five basic components:

- 1. Incorporates data:** On its initial iteration, subroutine “GET-SITE-DATA” reads the data from the “WGESITE” input data file characterizing the 51 U.S. geothermal sites, including capacity, cost components, operations and maintenance (O&M) costs, capacity factor, heat rate, emissions rate, *and annual capital cost multipliers and build bounds*; subroutine “GET_PARM_DATA” reads geothermal parameters from the “WGE Parm” file. Together the two build the “GEOSITE” geothermal data structure. Capital costs are the sum of DynCorp estimates for drilling, other field, and power plant costs, plus exploration costs; annual fixed O&M costs are pump and field plus power plant costs; there are no fuel charges for geothermal. *The annual capital cost multipliers are applied to the capital costs before leaving the “GET-SITE-DATA” subroutine. The cost multipliers will usually have a value of 1.00 for base cases and various values <1.00 for alternate scenarios including the high renewable case.* Two sites in Hawaii are not used in the modeling, leaving 49 sites in the three Western regions (11, 12, and 13) contributing to geothermal supply.
- 2. Develops overall regional geothermal supplies:** In each iteration, subroutine “BUILD-GEO-CURVES” first creates regional geothermal supplies for each of the three Western EMM regions with geothermal resources, using the 49 sites’ data (a) distributing each site’s total available capacity (megawatts) among 4 increasing capital cost subgroups, and (b) arraying all sites’ quantity-cost subgroups in each EMM region from least- to highest-cost, resulting in an aggregate regional geothermal supply array “GEOCRV.” *The total available capacity for each site is limited to the annual build bound for the site.*
- 3. Provides sub-supplies for specific regional demands:** For each iteration of the EMM, the GES determines a maximum levelized cost (avoided cost) at which geothermal supply in each of the regions will be able to compete. The maximum value is (1) the levelized cost of the highest-cost technology actually selected in the immediately prior iteration of the ECP plus (b) an additional percentage representing the market sharing algorithm.¹⁸ The average value of the market sharing algorithm is about 17 percent. As a result, all remaining geothermal capacity able to generate at or below 1.17 times the previous iteration’s highest cost selection is offered as new geothermal supply in the current iteration. “BUILD-GEO-CURVES” selects from each aggregate regional supply “GEOCRV” only that unused supply available at or below the adjusted avoided cost, and then distributes it among three increasing-cost geothermal

¹⁸ The market sharing algorithm exists in recognition that in real markets technologies that are “close” in cost to the least cost technology will occasionally be selected for economic and other reasons not represented in the modeling. Under the sharing algorithm, the closer in cost a specific other technology is to the least cost technology, the greater (yet small) share of the available market will be taken by that technology.

cost-quantity pairs using capacity-weighted average per kilowatthour costs, such that the EMM receives for each region three quantities of available geothermal capacity at three (increasing) levelized costs, plus an overall (over all 3 steps) capacity-weighted heat rate, O&M costs, and carbon dioxide and hydrogen sulfide emissions rates. The least-cost group includes all unused capacity in the least-cost price quartile (capacity whose levelized cost is equal to or less than +25% of the gross cost difference between the least cost available unit and the ECP-avoided cost; the resulting quantity is not the least-cost 25 percent of unused capacity, but all unused capacity in the first 25 percent of the cost range). The second group includes all capacity between the 25th and the 75th price quartile; and the third group includes all remaining, highest cost, capacity. All available capacity in each cost group is then conveyed to the EMM as available supply, with one levelized cost associated with each group; the one levelized cost transmitted for each group equals the capacity-weighted levelized average cost for the individual sites' costs within the group.

4. **Decrements available capacity:** Within subroutine "CRV-INFO," for each iteration GES reduces available geothermal capacity in each region in response to (a) external reports of new geothermal builds or (b) previous selection by the EMM in earlier iterations;
5. **Provides diagnostics:** For each iteration, Subroutine "WRITE-DB" provides diagnostic information on geothermal capacity and sites chosen and technology costs and performance.

Key Computations and Equations

This section describes the most important equations in the GES.

Reading the Data

In the first iteration, data for geothermal sites are read from a file **WGESITE** by the GES Subroutine **GET_SITE_DATA** into the **GEOSITE** data structure. Subroutine **GET_PARM_DATA** reads the geothermal parameters from the parameter file **WGEPARM**.

GEOSITE Data Structure:

SITE_ID	
EIA_ID	
NAME	= Site Name
STATE	
NERC	= NERC region of site
CENSUS	= Census region of site
TECHTYPE	= Technology, 1- Binary; 2 – Dual Flash
CAPACITY_1990	= Installed capacity 1990
PFILE_EXCAP	= Existing capacity (from EMM plant file)
POTENTIAL_CAP	= 4 increasing-cost quantities of capacity at each site
CAPACITY_FACTOR	= 0.00 to 1.00 (0.80 – Binary, 0.87 – Dual Flash)
CO2_RATE	= LBS. per megawatthour
H2S_RATE	= LBS. per megawatthour
EXPLOR_CAP_COST	= Per kilowatt capital cost component (\$1987)
DRILL_CAP_COST	= Per kilowatt capital cost component (\$1987)
FIELD_CAP_COST	= Per kilowatt capital cost component (\$1987)
PLANT_CAP_COST	= Per kilowatt capital cost component (\$1987)
FIELD_OM-COST	= Per kilowatt annual field O&M cost component (\$1987)
PLANT_OM-COST	= Per kilowatt annual plant O&M cost component (\$1987)
HEAT_RATE	= BTU per kilowatthour
COE	= 4 levelized costs, (\$1987) mills per kilowatthour
AVAIL_SUPPLY	= Potential capacity -1990 capacity
CAP_COST	= Drilling + Field + Plant costs
SUBSITEOM_COST	= Field O&M + Plant O&M costs
SITE_BOUND	= Annual Build Bound for Site (MW)
CAPCOST_MULT	= Annual Capital Cost Multiplier for Site (Fraction)
EXPLOR_CAP_COST_ADJ	= Capital cost component adjusted by capital cost multiplier (\$1987/KW)
DRILL_CAP_COST_ADJ	= Capital cost component adjusted by capital cost multiplier (\$1987/KW)
FIELD_CAP_COST_ADJ	= Capital cost component adjusted by capital cost multiplier (\$1987/KW)

PLANT_CAP_COST_ADJ = Capital cost component adjusted by capital cost multiplier (\$1987/KW)

CAP_COST_ADJ = Drilling + Field + Plant Costs adjusted by capital cost multiplier (\$1987/KW)

TEMP = Temporary data structure for sorting geosites

In each iteration, the capital, fixed O&M, and levelized cost of energy for each of 4 increasing-cost subsites at each site are calculated, with capital costs adjusted for learning and technological optimism. Existing capacity is subtracted from each site's available supply. Technological optimism and learning effects are estimated in subroutine ELEC_OPT in the electricity capacity planning (ECP) submodule of the EMM.

Building Regional Geothermal Supplies

In each iteration, available geothermal supplies at each site are merged with costs from other sites in the region and arrayed for competition in the ECP in each region. GES first constructs a complete array of increasing levelized cost/quantity pairs as the cumulative geothermal supply available for the region. GES then segments the competitive part of that array into three generalized increasing cost segments, passing to the ECP the total capacity available in each increasing cost segment along with the capacity-weighted average cost of energy (mills per kilowatthour) for the capacity in the segment.

In each iteration, the subroutine **BUILD_GEO_CURVES** creates up to four records (above) for each site resulting in the quantity of capacity and levelized cost of energy (**COE**) for each

subsite. Quantities are read directly from **POTENTIAL_CAP**. *The potential capacity is limited by the site build bound for the current year.* Capital cost for record 1 includes drilling + field + plant + exploration cost; for record 2, drilling and field costs are increased 33 percent; for record 3, exploration costs are doubled; and for record 4, both drilling and field costs are increased 33 percent and exploration costs are doubled.

In each region and in each iteration, GES receives a maximum cost from the EMM, a value equal to the COE of the highest cost capacity previously selected in each region, called the Regional Avoided Cost, plus the market-sharing tolerance (about 17 percent).

Avoided Cost = (Regional Maximum Prior COE) * (1.0 + Market Sharing Tolerance)

The subroutine "**BUILD_GEO_CURVES** iterates within each region until the capacity available in the first (lowest cost) step is greater than zero or 10 iterations have occurred, incrementing the threshold cost 10 percent for each iteration.

The subroutine **ECPLVCST** develops levelized cost groups for submission to the ECP.

AVAIL_SUPPLY = Megawatts available for each record

CUM_SUPPLY = Cumulative sum available megawatts in each region

SYS_COST = Cumulative capacity-weighted COE, 3 segments

SYS_CAP_COST = Cumulative capacity-weighted capital cost, 3 segments
SYS_OM_COST = Cumulative capacity-weighted O&M cost, 3 segments
SYS_HEAT_RATE = Cumulative capacity-weighted heat rate, 3 segments
SYS_CAP_FAC = Cumulative capacity-weighted capacity factor, 3 segments
SYS_CO2_RATE = Cumulative capacity-weighted CO2 emissions rate, 3 segments

From these cumulative values **BUILD_GEO_CURVES** then determines the specific value for each variable for each of the 3 segments of available geothermal supply in each region

CAP_COST = Capital cost
OM_COST = O&M cost
HEAT_RATE = Heat rate
CAP_FAC = Capacity factor
CO2_RATE = CO2 emissions rate

In fact, the GES passes the ECP actual values only for the first of the three segments; values for steps 2 and 3 are expressed as weights applicable to the values in the first segment.

EMM_CAP_COST
EMM_OM_COST
EMM_CAPACITY
EMM_HEAT_RATE
EMM_CAP_FAC
EMM_CO2_RATE

$$\text{Average_Capital_Cost} = \left(\sum_{i=1}^n (\text{Cap_Cost}_{(i)} * \text{Capacity}_{(i)}) \right) / \text{Cumulative_Capacity}$$

$$\text{Average_O\&M_Cost} = \left(\sum_{i=1}^n (\text{O \& M_Cost}_{(i)} * \text{Capacity}_{(i)}) \right) / \text{Cumulative_Capacity}$$

Where n = number of site records.

Other Features of the Geothermal Submodule

Regional Labor Cost Weights: Because the capital costs for geothermal sites in the DynCorp deliverable are already specific to individual sites, regional labor cost weights in the EMM are set to 1.00 for all geothermal sites.

Investment Tax Credit: The 10% Energy Policy Act (EPACT) investment tax credit is not included in the DynCorp capital cost estimates, and is separately subtracted from the capital cost estimates in the GES.

Land Costs: Lands used for geothermal well fields can be either purchased and accounted for in the capital costs of the project or be leased and therefore included in the project's fixed operation and maintenance costs. In the DynCorp deliverable, land is assumed to be leased and its costs are included in fixed O&M.¹⁹

Construction Lead Time, Construction Cost Profile, and First On-Line Year: In the GES, new geothermal plants are constructed over a 4 year time period, but with most capital costs allocated to the last two years, in the annual proportions 2%, 1%, 50%, and 47%, with costs in the first two years limited to licensing and permitting. For *AEO2003* the first year in which a new geothermal plant can enter service is 2005.

Learning, Short-Term Elasticities, and Technological Optimism: Capital Costs for geothermal generating technologies are affected by learning-by-doing as are all generating technologies, as well as by technological optimism. For a description of these characteristics and assumptions and values assigned geothermal for *AEO2003*, see *Assumptions to the Annual Energy Outlook 2003*.²⁰

Geothermal capital costs are also affected by rapid capital expansion in any one year; see chapter 1 of this report, "Representation of Short-Term Cost Adjustment Factors for the Installation of New Technologies."

¹⁹ Petty, Susan, personal communication, November 20, 2000 (file name Petty, LandCosts.rtf)

²⁰ Energy Information Administration, *Assumptions to the Annual Energy Outlook 2003 (AEO2003)*, DOE/EIA-0554(2003), (Washington, D.C.) January, 2003.

Appendix 6-A: Inventory of Variables, Data and Parameters

Values for this inventory are included in the body of this chapter, along with the Excel files supporting the geothermal submodule. Questions about the submodule can be directed to:

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Data files for the GES are maintained in the Coal and Electric Power Division. The DynCorp deliverable is available in the Excel files “PettyData.xls”, “PettyData-Annotated.xls”, and “SimplPetty.xls.” File “gensite.xls” summarizes the DynCorp database plus heat rates for each site. Plant file data for existing geothermal capacity and its performance can be found on the file “Geo97.xls,” and data on expected retirements can be found in the file “GeotRetirementsAEO2001.xls.” More detailed capacity data, also from Susan Petty and rooted in the same research, used by EIA to allocate each site’s supply over four categories, can be found on the file “DE-PTY1C.xls. The reallocation to four increasing-cost levels is located on the file “GeoT.xls.”

For GES modeling, Excel file “Geo-out1.xls” displays the basic building block data used in building regional geothermal supply curves; Excel file “Geotherm.xls” contains a simulation of the 3-step supply curve derivation methodology useful for testing changes in various parameters testing the GES methodology.

Appendix 6-B: Mathematical Description

Questions about GES algorithms can be directed to –

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Appendix 6-C: Bibliography

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Appendix 6-D: Model Abstract

Model Name:

Geothermal Electric Submodule

Model Acronym:

GES

Description:

The GES develops regional geothermal capacity supplies and cost and performance characteristics used in competing geothermal technologies with fossil, nuclear, and other renewable energy generating alternatives for each forecast year and region needing new generating capacity in the EMM. Regional geothermal supplies are based on each region's share of geothermal resources estimated for 51 identified U.S. geothermal sites, with (1) capital cost estimates for each geothermal site, (2) four-step low-to-high cost estimates of the number of megawatts of capacity available at each site, (3) assumptions for increasing capital costs for increasing portions of the high estimates for each site, and (4) capacity factors, fixed operation and maintenance costs, heat rates, and CO₂ emissions rates for each site. Within each region for each model iteration in each forecast year the GES decrements already chosen resources, arrays all unused geothermal supply in increasing cost order, determines from the EMM the maximum price (avoided cost) likely to be competitive in the EMM, and then provides the EMM three increasing levelized cost-quantity pairs of available capacity in each region for use in competition with other technologies.

Purpose of the Model:

The purpose of the GES is to provide the Electricity Capacity Planning module (ECP) the amounts of available geothermal generating capacity and its cost and performance characteristics for competition in the ECP for new regional electricity supply in the Western United States.

Most Recent Model Update:

The new GES was introduced for the *Annual Energy Outlook 2001* in June, 2000.

Part of Another Model?:

The GES submodule is a component of the Renewable Fuels Module (RFM) of the National Energy Modeling System (NEMS).

Official Model Representative:

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Documentation:

This chapter constitutes the documentation of the GES.

Archive Media and Installation Manual(s):

The GES is archived as part of the NEMS production runs.

Energy System Described:

Hydrothermal geothermal energy resources of the Western United States and the costs and performance characteristics of the technologies converting them to electricity supply.

Coverage:

- Geographic: EMM regions 11, 12, and 13.
- Time Unit/Frequency: Annual, 1990 through 2020.
- Products: Electricity
- Economic Sectors: Electricity Generators

Modeling Features:

- Modeling Structure: The model operates at the level of individual geothermal sites aggregated to segmented EMM regional averages.
- Model Technique: Levelized electricity costs from each supply segment of each site in each region are arrayed in increasing cost order, then aggregated into three increasing average-cost segments in each iteration in each year, along with attendant quantities (megawatts) and average heat rates and capacity factors.
- Incorporates short-term cost elasticities of supply, technological optimism, and learning.

Input Sources:

DynCorp I&ET, "Geothermal Supply and Cost Performance Characteristics," contract deliverable for Purchase Order #36727 for the Energy Information Administration, Coal and Electric Power Division, Office of Integrated Analysis and Forecasting, June 30, 2000.

Input and other data files are maintained in the Coal and Electric Power Division, including input data files "PettyData.xls", "PettyData-Annotated.xls", and "SimplPetty.xls." File "gensite.xls" summarizes the DynCorp data plus heat rates for each site. Plant file data for existing geothermal capacity and its performance can be found on the file "Geo97.xls," and data on expected retirements can be found in the file "GeotRetirementsAEO2001.xls." More detailed capacity data, also from Susan Petty and rooted in the same research, used by EIA to allocate each site's supply over four categories, can be found on the file "DE-PTY1C.xls. The reallocation to four increasing-cost levels is located on the file "GeoT.xls."

For GES modeling, Excel file "Geo-out1.xls" displays the basic building block data used in building regional geothermal supply curves; Excel file "Geotherm.xls" contains a simulation of the 3-step supply curve derivation methodology useful for testing changes in various parameters testing the GES methodology.

Computing Environment:

- Hardware Used: IBM RS/6000
- Operating System: UNIX
- Language/Software used: VS Fortran, Version 2.05

Independent Expert Reviews Conducted:

None. However, during development of the submodule ongoing review and comment were obtained from the DOE Office of Energy Efficiency and Renewable Energy, Office of Power Technologies, the National Renewable Energy Laboratory, and from DynCorp Corporation, among others. See Appendix 6C "Bibliography," above.

Status of Evaluation Efforts by Sponsor:

None.

Appendix 6-E: Data Quality and Estimation Process

The main body of the chapter discusses the geothermal data and estimation processes.